

INTERNATIONAL NEWS

Fears of Soviet collapse grow

By John Lloyd in Moscow

THE Soviet Union is heading for an uncontrollable economic collapse on which foreign aid and advice can have no effect, according to western experts. Senior officials from the governments of the Group of Seven advanced industrial countries arrive in Moscow this weekend to study economic support as most forecasts point to a situation deteriorating so rapidly as to be all but hopeless.

The one slim hope rests on a package of harsh measures expected to be announced on Monday by Mr Boris Yeltsin, the Russian president, in a speech to an emergency session of the Russian parliament. The daily *Izvestia* said yesterday that Mr Yeltsin would announce a liberalisation of prices, savage cuts in the budget, an end to credit expansion, de-monopolisation of wholesale trade and liberalisation of foreign economic activities.

Mr George Soros, the Hungarian-American financier who has established foundations throughout eastern Europe and the Soviet Union to assist reform, said in a speech to an international lawyers' conference on Thursday that the collapse was now well under way. There was, he said, "no tendency towards equilibrium in the system itself". The centre had ceased to have any authority. The opportunity given to the republican governments after the coup to conduct rapid reform had been lost and good will dissipated.

Mr Soros said that there was now no possibility of maintaining a single stable currency, or of establishing a common monetary policy. The only hope of avoiding a complete collapse was massive foreign assistance — a policy which he saw as remote, since so far only

humanitarian aid had been seriously discussed. This exceptionally gloomy prognosis accords with the views of senior diplomats now advising western governments on their future posture. One said yesterday that uncontrolled collapse was by far the most likely of future scenarios, with no possibility of outside aid making an appreciable improvement.

To add to the pessimism, the Soviet statistical office said the Soviet harvest, now almost completed, is disastrously down even on earlier low forecasts. It said only 156.3m tonnes of grain had been harvested, of which a mere 38.5m tonnes has been bought by the state.

Earlier forecasts pointed to a harvest of 180m-190m tonnes but rain and flooding ruined the harvest in various parts of the country. The grain so far

purchased represents only half of what is required to feed people over the winter months. Over three-quarters of the grain harvested is being retained by state and collective farms in expectation of price rises or in protest against a shortage of consumer and other goods in the countryside.

Russia will create its own currency "any time now", according to an official of the Russian central bank.

Mr Mikhail Belyayev, head of the Business Information Branch at the Russian Bank, said in an interview with the official news agency Tass that the measure was being prepared as a retaliatory measure against those republics which have announced they will print their own currency.

He said that Russia may be the first to adopt such a measure.

CIA claims BCCI was involved in Iraq arms financing

By Alan Friedman in Washington



THE US Central Intelligence Agency said yesterday that it possessed "some evidence" that the Bank of Credit and Commerce International (BCCI) helped to finance the sale of arms to Iraq through a series of front companies.

The disclosure came from Mr Richard Kerr, acting director of the CIA, who testified before a Senate subcommittee investigating the BCCI affair.

Mr Kerr also revealed that the CIA since 1983 had disseminated throughout the US government several hundred reports concerning BCCI's involvement in drug trafficking, money laundering, arms sales, and its secret ownership of US banks.

The CIA director denied any wrongdoing by the CIA, which he said made use of BCCI as a repository of funds. Mr Kerr also disclosed that the CIA maintained bank accounts at First American Bankshares, the Washington bank that was secretly and illegally owned by BCCI, according to the Federal Reserve. Mr Kerr admitted that the CIA failed in 1986 to provide the Federal Reserve or the US Department of Justice with a report confirming that BCCI had acquired secret control of First American in 1981.

He defended the decision, saying the report did go to other intelligence agencies and the US Treasury, but admitted under oath that the failure to inform the Federal Reserve was "an honest mistake".

Senator Hank Brown (Republican, Colorado) said he was disturbed by "the CIA's failure to notify the appropriate agency of criminal misconduct", and said the CIA did not act properly in failing to tell the Fed about BCCI's secret ownership of First American.

The CIA director, when asked if the CIA had had any relationship with Mr Alfred Hartmann, the Swiss banker who was a main board director of BCCI, declined to answer, saying he preferred to respond in a closed Senate briefing.

Depositors' meeting, Page 4

US TV cable monopolies challenged

THE federal government agency which oversees the US telecommunications industry has thrown down a challenge to the monopoly enjoyed by local cable companies in providing television services to the home, writes Martin Dickson in New York.

The Federal Communications Commission proposed that local telephone companies be allowed to provide "video dialtone" — allowing consumers to use phone lines to dial up a wide range of video services, including television programmes, videotext and video phone services.

The phone companies would offer some of these services themselves, although in television programmes they would serve mainly as pipelines for programmes of others and would have to offer the service on a "common carrier" basis.

Renault stoppage hits more than 15,000 workers

By William Dawkins in Paris

Cléon, which has halted production there for two days. The shortage of parts from Cléon has led to partial lay-offs at Sandouville on the north-west coast where Renault 21 and 25 saloons are made; at the Douai assembly plant in northern France for Renault 21 saloons; at Villorbe in Belgium; and at the Espace family van assembly plant in the Loire valley.

Production of Renault's new Clio hatchback at Flins, south of the capital was halted for one day, but started again yesterday when Renault managed to obtain parts from a component factory in Spain.

It is too early to calculate precisely the number of vehicles delayed or lost, said Renault officials. The group has partly caught up by adding shifts and is still supplying dealers normally from stock in transit from plants to the showroom.

The 1988 strike, at an axle workshop in Le Mans, caused Renault to halt 80 per cent of its French and Belgian output and lay off 22,000 people.

Reluctant EC warrior takes up arms for environment

Ripa di Meana is hurt but unrepentant over his battles with governments, writes David Gardner

MR Carlo Ripa di Meana, a man of quiet deliberation, charm and courtesy, seems genuinely hurt by the virulence of the UK government's reaction over the past week to his suggestion that it stop work on seven big building projects until their environmental impact is properly studied, and the results publicly disseminated. But he is quite unrepentant.

"I hear they (the government of Mr John Major) are calling me Carlo the Ripper. I'm not the one who wants to rip apart an 8,000-year old English forest," the embattled EC environment commissioner rejoined in an interview with the *Financial Times* yesterday.

But Mr Ripa di Meana insisted he did "not want more polemics: far from looking for confrontation we look for solutions."



Ripa di Meana insists he does not want polemics: "Far from looking for confrontation we look for solutions."

His forest reference is to Oxleas Wood, through which the new East London River Crossing will pass under plans the UK approved last month. Among the other projects the Commission objects to are the high-speed rail link from the Channel Tunnel to King's Cross announced three weeks ago, and the extension approved in July 1988 for the M3 near Winchester, which would bisect Twyford Down and destroy a pre-historic burial mound.

Brussels says the government has failed to carry out the environmental impact assessments for large private or public projects made obligatory by a 1985 directive which came into force on July 3, 1988. It has formally asked the UK under proceedings which could end in the European Court.

But Mr Ripa di Meana went further, and, as he puts it, "suggested a simple good sense measure" in a letter to Mr Malcolm Rifkind, secretary of state for the environment, to stop the environmental impact assessment law the most bitter attacks of all my experience... perhaps the most bitter one from the Italian government," for warning it not to put forward Venice as a candidate to stage the Expo 2000 world exhibition without full evaluation of the impact on the fragile city.

Against Germany, Mr Ripa di Meana sought a European Court injunction to stop the Leybacht sea-wall in Lower Saxony, which could destroy a habitat for migrating birds. He lost, partly — his staff admit — because the Commission did not do its homework, but mostly because the Court

found the dyke was needed to protect the local population. He points out that "you can't be the enfant cheri of prime ministers during this job. You're a troublemaker, or you're useless as an environment commissioner."

A comfortable looking 62, with a glamorous wife who wrote sizzling memoirs of her first 40 years, Mr Ripa di Meana spent his youth in the Communist party, joining the Socialists after the 1956 Soviet invasion of Hungary.

Aristocratic in origin, he worked in journalism and publishing, was on the board of La Scala in Milan, chaired the Venice Biennale, then spent five years in the European Parliament before taking on the Culture portfolio in the last Commission.

He says the UK government feels hard done by, think of the French administration, which he has accused of "blackmail" and "hostage-taking" for blocking already agreed plans to set up a European Environment Agency until Strasbourg is confirmed as the permanent home of the European Parliament. But this is not his normal idiom.

"We are starting an historic U-turn on the environment, and it's difficult," he reflected yesterday.

"We are talking about emerging values, which have not filtered right through administrations. Yes, it's difficult, for governments too."

Treuhand must raise borrowing

THE German Treuhand agency, rocked by accusations that it sold manufacturing companies cheaply to property developers, estimates it will need to raise borrowing by DM6.5bn next year to DM31.5bn (21.05bn reports *Leslie* in Berlin).

Mrs Birgit Brenel, the president of the agency charged with privatising former east German industry, said expected income of DM12bn from the sale of its east German companies would compare with DM43.5bn in spending next year.

Swedish unions' funds to go

Sweden's trade union controlled employee investment funds are to be abolished, it was announced yesterday by the country's recently elected non-Socialist coalition, writes Robert Taylor in Stockholm.

The move is the first step in a wide-ranging privatisation strategy.

Rome steps up fight against Mafia

The Italian government yesterday approved a law establishing a special unit in the Attorney General's office to co-ordinate the fight against the Mafia, writes Robert Graham in Rome.

In tandem, the cabinet gave the go-ahead for an investigative police force dubbed the Italian "FBI" to combat organised crime.

Wales attacks Communist protest

President Lech Walesa said yesterday that ex-communists wanted to destabilise Poland ahead of tomorrow's elections, the first fully free parliamentary vote since the Second World War.

He was referring to a demonstration yesterday by about 1,000 miners protesting outside parliament against pensions reform.

German miners to lose more jobs in new energy plan

By Christopher Parkes in Bonn

GERMAN miners were warned yesterday of further but unspecified job losses as Mr Jürgen Möllemann, German economics minister, launched his post-unification energy policy proposals.

Central, and certain to arouse anger among environmentalists, is a commitment to maintain nuclear power in the energy mix.

The minister also announced plans to "reduce the work force" in the coal mines and cut the dependence on "dirty" brown coal which supplies 70 per cent of primary energy in the east and 30 per cent of all German electricity. Mr Möllemann also announced that the integration of east and west generating and distribution networks should be achieved as soon as possible.

The minister's draft, which will be developed into a firm plan by a special commission, says German energy require-

ments are expected to reach 500m tonnes of coal equivalent by the year 2010.

Oil and coal will provide a reduced share under Mr Möllemann's plan, with natural gas and alternative energy sources such as windmills playing a greater role.

Warning of job losses, following several weeks of protest and strikes, the minister said short-term working was no solution.

The process of winding down hard-coal mining, with output scheduled to fall from 70m tonnes a year to 50m tonnes by 2005, would, however, be taken in stages.

As for brown coal, 300,000 tonnes of which were mined in 1989, production would be halved by the second half of the 1990s.

The brown coal industry is already scheduled to lose 27,000 of its 100,000-plus workforce by the end of this year.

California fire costs to exceed earthquake

By Louise Kehoe in San Francisco

THE FIRE that ravaged hillside neighbourhoods in the San Francisco Bay area this week is expected to be even more costly than the earthquake two years ago.

Last Sunday's firestorm engulfed just three square miles, while the earthquake's destructive force covered at least a 30-mile radius. Yet insurers are expected to face claims of at least \$1.2bn according to the American Insurance Services Group. The San Francisco earthquake cost insurers \$600m.

The human toll of the fire also continues to rise. The official death toll now stands at 23, but an equal number are still listed as missing.

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UK NEWS

Lloyd's to lose one of oldest and largest syndicates

By Richard Lapper

ONE OF the oldest and largest syndicates at Lloyd's of London insurance market, Secretan marine syndicate 367, is to close at the end of the year.

The impending closure of the syndicate - formed at the end of the 18th century - is further evidence of the restructuring of the corporation, which in June announced its first losses for more than 20 years.

Members' agents, which handle the affairs of Names, the individuals

supplying capital to underwriting syndicates, are playing a part in this process by refusing to support a number of syndicates. As a result the number of syndicates has fallen sharply - fewer than 300 are expected to trade next year compared with 354 this year.

Mr Peter Edwards, chief executive of F.L.P. Secretan & Co, the privately-owned agency which manages 367, said members' agents had withdrawn hundreds of Names, and syn-

dicate 367 had suffered a sharp decline in capacity. He said 367's closure "marked a watershed at Lloyd's". He added: "There has been a major contraction in the number of syndicates available to handle large marine accounts."

Secretan would now manage the run-off of the syndicate's 1989, 1990 and 1991 years, but was now not big enough to accept liabilities incurred in earlier years via the so-called reinsurance-to-close mechanism.

Members' agents were concerned by continuing claims from US liability insurance, which Secretan, in common with a number of other leading marine syndicates, had written in the 1940s, 1950s and 1960s.

The syndicate has lost money in only one other year since the Second World War but in 1988, its last underwriting year, recorded losses of £48.9m - largely because of its need to build up reserves. Last year reserves against US liability claims

were increased from \$17.5m to \$24.1m. It faces losses of at least \$25m for the 1989 year, when the results are announced in June.

Secretan made a number of management changes last year as a result of criticism from members' agents, including a change of underwriter at 367 and Mr Edwards' own appointment as chief executive.

The disappearance of 367 follows the announcement last week of a change in ownership of another

old marine syndicate - Chester 65. Secretan manages four other syndicates, including aviation syndicate 545, motor syndicate 368, non-marine XL syndicate 1005 and non-marine syndicate 1152. Nevertheless the disappearance of 367, its biggest syndicate, will reduce the agency's income from profit commission and other payments. In the longer term, job losses at Secretan - which employs 200 staff - are "inevitable", said Mr Edwards.

Profit expected at Nissan car plant

By Chris Tighe

NISSAN'S Sunderland car plant will make its first profit this year, more than 12 months ahead of the company's original target.

The operating profit, expected to be in the region of £5m on a turnover of £90m, has resulted from the plant's 1991 increase in output from a planned 100,000 Primers to 124,000, to fulfil export orders from 29 countries including Japan.

News of the profit further highlights the contrast between the fortunes of the Wearside plant and other UK-based carmakers. Nissan last month announced it was to recruit 1,000 more staff at Sunderland, where 3,000 are now employed, and 24,000 application letters have arrived so far.

Yesterday Nissan Motor Manufacturing UK said the company would go back into the red next year because of heavy investment costs in the new Micra-class car which goes

into production next autumn. However, it added: "We expect to be profitable after that."

The company said profits from Sunderland would not be returned to Japan. During the first half of the 1990s they will go towards repaying accumulated losses incurred until now at the £700m plant, to which the UK government contributed around £125m. Nissan, which began production at Sunderland in 1986, borrowed from UK banks and financial institutions to help set up the plant and cover the losses inevitable in the early years of its operation.

Mr John Cusnaghan, production director at Sunderland, said: "That investment was made in the UK and it will be repaid in the UK, through profits made by this company."

From the second half of the decade, the company says it expects to plough back profits into new model developments and any necessary site upgrading.

Companies reassess car provision policy

By John Griffiths

COMPANIES are reappraising their policies on providing company cars as a result of tax increases imposed in the Budget, according to a survey by Coopers & Lybrand Deloitte, the accountants.

However, 75 per cent of employees questioned said that even if their company cars were taken away and cash provided instead they would buy another car instead of commuting by public transport.

Mr David Cooper, a Coopers partner, said that if the intention in increasing company car taxation had partly been to cut pollution and congestion and to persuade drivers back to public transport "it seems to have backfired".

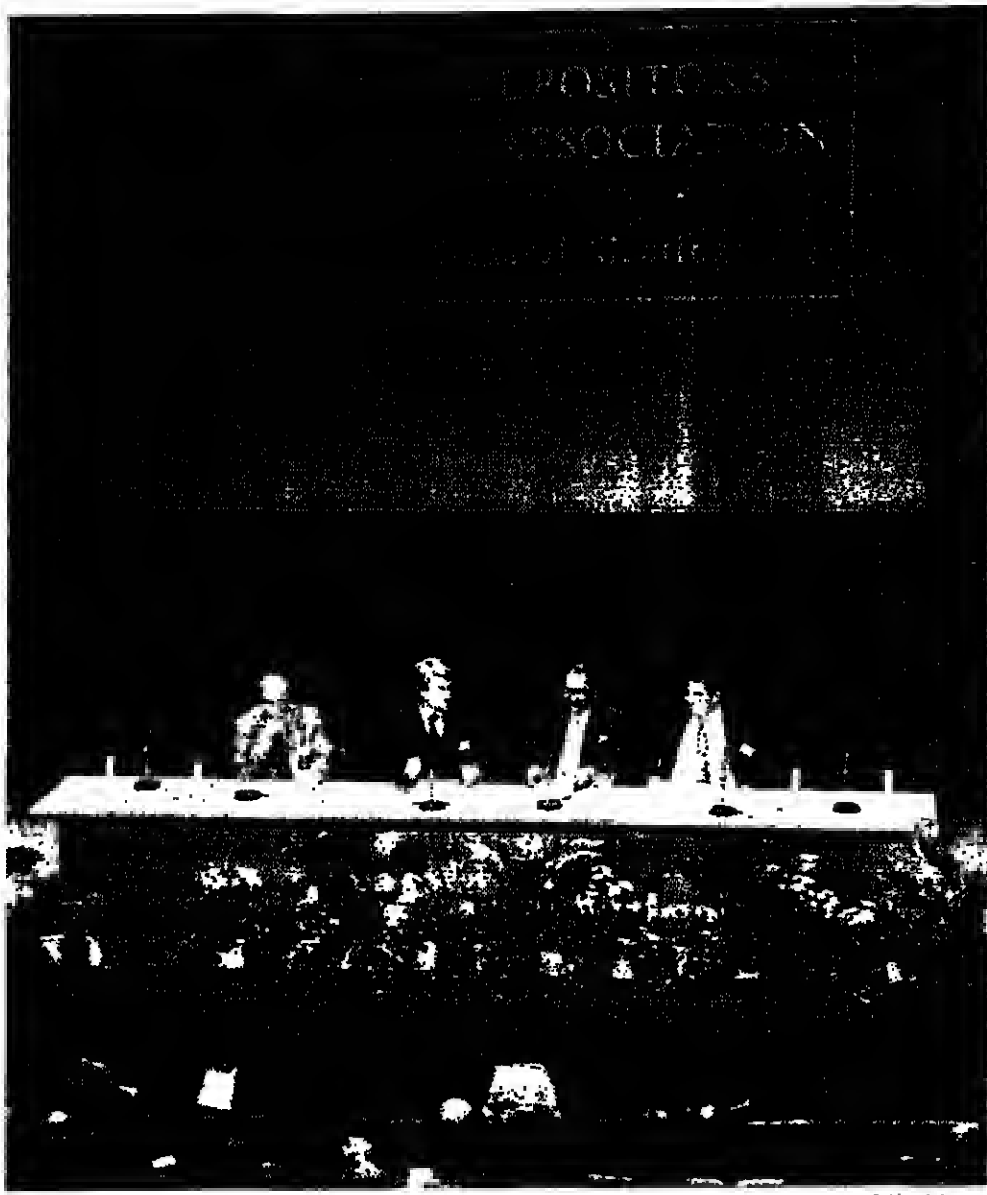
The survey was limited to south-east England, where congestion pressures are worst and it was accepted as not being necessarily representative of the UK as a whole over attitudes to public transport. However, Coopers believes other policy issues raised are likely to evoke similar responses nationally.

A total of 123 companies, each with annual sales of more than £25m, was questioned. Of these 46 per cent said they were considering changes to their policies as a direct result of the Budget changes.

Of the companies studying policy changes, 65 per cent said they were proposing to offer employees a choice of car or the cash equivalent. More than 76 per cent were considering changes that would affect directors and senior executives' cars.

Mr Neil Taylor, Coopers' tax manager, said it was becoming apparent to a growing number of companies that the post-Budget tax structure allowed them to make large net savings by providing their most senior personnel with the cash to buy their own cars, and simultaneously cutting their salaries.

Among employees, 53 per cent said, given a choice, they would keep their cars. The remainder said they would opt for the money. Only 6 per cent said they would not buy another car.



Savings plan: depositors from 24 countries, with losses of £1bn, were at the meeting

THE GUINNESS TRIAL

Court hears of 'unwritten agreement' with bank

By Raymond Hughes, Law Courts Correspondent

A SENIOR director of Morgan Grenfell told its auditors in October 1986 about an "unwritten agreement" with Guinness that the bank would not lose on 7m Guinness shares it was holding. Southwark Crown Court heard yesterday.

In a letter to Spicer & Pegler, Sir John Sparrow said that at June 30 1986 the bank held the shares which "have been valued at cost, since the bank has an unwritten agreement with Guinness that no loss will be incurred by the bank on disposal of the shares".

Mr Piers De Montfort, a member of Morgan Grenfell's

Guinness team during the 1986 takeover battle for Distillers, told the court he had not seen the letter before, but it accorded broadly with his understanding at the time of a "backstop" arrangement with Guinness.

He had been shown the letter by Mr David Hood, counsel for Lord Spens, former corporate finance director of the Henry Ansbacher merchant bank.

Mr Hood suggested it was unlikely, given the letter, that "no one in the senior ranks of Morgan Grenfell was not possessed of this knowledge as

well." Mr De Montfort said he could not comment.

Mr Hood then asked if he regarded the proposition as quite obviously wrong? Mr De Montfort said he did not.

Mr Hood suggested that if Spicer & Pegler had seen anything in the letter to cause them concern they would have queried it.

Mr De Montfort said he could not comment. Mr Hood asked if the question of any Guinness "backstop, indemnity or unwritten agreement" had been raised when Mr De Montfort was questioned by Department of

Trade and Industry inspectors appointed to investigate Guinness in December 1988. Mr De Montfort said it had.

"That was plainly something that was of concern to them?" Mr Hood asked. Mr De Montfort said it was.

Mr Hood suggested that a Morgan Grenfell solicitor had negotiated with the prosecuting authorities in relation to bank employees. Mr De Montfort said he had been aware of the position of employees being considered.

Mr Hood suggested there had been concern within the bank that the prosecuting authori-

ties might be interested in people other than Mr Roger Seelig, including Mr De Montfort himself.

Mr De Montfort agreed. Mr Hood asked if Morgan Grenfell had been "required to remove, or persuade to leave, or let go" certain employees following the Guinness affair.

Mr De Montfort said that had been his broad understanding. Lord Spens and Mr Seelig, former Morgan Grenfell corporate finance director, deny fraud and false-accounting charges.

The trial was adjourned until November 4.

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Davies to face probe by Daily Mirror

By Jimmy Burns

MR NICHOLAS DAVIES, the foreign editor of the Daily Mirror, at the centre of this week's legal storm over the book *The Samson Option*, is to face an internal inquiry by his own newspaper over statements he has made relating to allegations linking him to US arms dealers and the Israeli intelligence service.

It is reliably understood that the decision was taken after the Daily Mirror published two different accounts by Mr Davies about an alleged meeting in Ohio, US, in 1985. Mr Davies was quoted in Thursday's Daily Mirror as saying: "I have never been to Ohio and I did not go to the United States in 1985." But a report in the newspaper yesterday said Mr Davies recalled meeting a Mr Clarence Ben Kaufman while on holiday in Pennsylvania and Ohio.

Meanwhile Faber & Faber, publisher of *The Samson Option*, said its lawyers were issuing writs for libel and slander on behalf of the company and the US journalist Mr Seymour Hersh against Mr Robert Maxwell, Mirror Group Newspapers, and Mr Davies.

The writs are over reports published in the Daily Mirror this week and over statements issued by both Mr Maxwell and Mr Davies.

Faber & Faber said last night it was raising its print run of Mr Hersh's book after reporting good sales. By last night no injunction had been served to stop further distribution of the book.

THE BLUE ARROW TRIAL

Cohen denies lying about late take-up in rights issue

By John Mason

MR JONATHAN COHEN, a former County NatWest chief executive, yesterday denied at the Old Bailey that he was lying in maintaining he knew nothing of the merchant bank's late buying of shares in the Blue Arrow rights issue.

Cross-examined by Mr Nicholas Purnell QC, prosecuting, Mr Cohen stated repeatedly that he had been unaware that County's investment in Blue Arrow involved taking up rights in the £387m issue.

When asked to approve the investment the night the issue closed, he believed this would be in the placing.

"I am suggesting that you have lied consistently and constantly on this matter," Mr Purnell told him.

Mr Cohen responded: "Mr Purnell, I will be judged by this court."

Mr Cohen is one of five professional advisers and three City institutions who deny the

secret buying of shares in the issue amounted to a conspiracy to mislead the markets.

Mr Cohen again denied he had sanctioned a guarantee to be given by County to its marketmakers. Any such guarantee would have to be approved by him, but this had not happened.

Mr Purnell asked why he had not questioned this guarantee when it was mentioned at a meeting in November.

County's lawyers, who were present, did not consider it an indemnity and he did not think it an issue, Mr Cohen replied.

It was nonsense because the marketmakers would always be recapitalised in the event of any loss.

Matters such as the late take-up and the guarantee to marketmakers were all important, Mr Purnell said.

The prosecution was seeking to make them important to allege he had been aware of

them and had been thoroughly dishonest, Mr Cohen said.

Earlier the judge had ordered an early break in proceedings because exchanges - over whether a transaction involving Associated British Foods provided a precedent for County's marketmakers taking a large number of shares in one company - had become too heated.

"I will not have people lose their temper - I mean both Mr Cohen and Mr Purnell," Mr Justice McKinnon said.

When the court resumed, Mr Jeremy Roberts, QC for Mr Cohen, said nobody had ever found the contract being discussed, and the prosecution misunderstood its contents.

Without the document, he could not agree, Mr Purnell replied. The judge then told him: "You cannot say what you were putting to the witness is right." The trial continues on Monday.

CHRISTIE'S had mixed fortunes with its auction of Victorian pictures yesterday. The total of £2.24m, with 24 per cent unsold, was not too bad, but demand was decidedly patchy.

A view of Jerusalem painted in 1888 by David Roberts sold for £418,000, - more than three times the estimate - to a British private collector. The painting was one of six views of Jerusalem by Roberts, but had been lost for many years. The price was an auction record for the artist.

Good prices were the £176,000 paid for a portrait by Tissot of his mistress Kathleen Newton and the £101,300 for *The Bookstall*, a record for John J. Lee.

A group of Pre-Raphaelite paintings by a French collector

met discriminating bidding, bringing in £570,800, but with around 40 per cent unsold. "Silver and Gold" by Arthur Hughes, depicting a young beauty and an old crone, sold for £220,000, at the bottom of its estimate. A portrait of a naked sea nymph, "Clyde" by Evelyn de Morgan, made £99,000. But important paintings by Holman Hunt and Lord Leighton failed to find buyers. Sotheby's had two successful

auctions. In New York, jewels brought in \$24.4m (£14.2m), with an emerald-cut diamond of 80 carats selling for \$7.15m. In London, Bauhaus and other 20th century designs brought in a total of £1m, with only 3 per cent unsold. A pair of canyver armchairs and a coffee table designed by the architect Mies van der Rohe realised £93,500.

Antony Thorncroft

Hatton arrested in police raids

MR DEREK HATTON, the former deputy leader of Liverpool City Council was yesterday arrested by police investigating alleged corruption, Ian Hamilton Fazez writes.

He was one of 11 people taken to Merseyside for questioning after pre-dawn raids by 180 police officers on council offices, business premises and private homes mainly in Merseyside, Derbyshire and the Yorkshire area.

Merseyside Police said they were gathering evidence about tendering for the demolition and relocation of Arkwright Town, a mining village of 500 people in Derbyshire between Chesterfield and Boleover. The village is being moved because of methane seepage from mine workings.

Also arrested were Mr John Dunne, former Labour leader of North East Derbyshire District Council; Mr Frank Vaudrey, a Liverpool councillor; Ms Collette Darcy, a former Liverpool city press officer who left to work for Sedlitz, Mr Hatton's since-failed public relations consultancy; and Mr Roy Stewart, a local businessman.

Police said no charges were likely until "mounts of paper and other records" had been analysed. The 11 are likely to be bailed.

Among premises raided were the Liverpool offices of architects Brock Carmichael, which is involved in designing the Arkwright Town. Mr Peter Carmichael said every help was being given.

Mr Hatton, who was expelled from the Labour party for alleged links with Militant Tendency, was also arrested last year and charged during police investigations into allegedly corrupt land deals. Mr David Phillips, his solicitor said: "I'm sure that at the end of the day he will be cleared of all the allegations."

Battersea Power Station writ

A WRIT seeking to recover more than £173,000 in debts from the owner of Battersea Power Station in south London is expected to be served on Wednesday by the Conservative-controlled Wandsworth Borough Council.

The writ is due to be served under council powers to charge for building control and inspection work.

The council has revised its estimate of the amount owed by Battersea Leisure, the company owned by Mr John Broome from £158,000 to £173,663.

Five candidates for by-election

FIVE CANDIDATES had registered for the Kincardine and Deeside by-election when nominations closed yesterday.

They are: Mr Marcus Humphrey (Conservative), Mr Nicol Stephen (Liberal Democrat), Mr Malcolm Savidge (Labour), Dr Allan Macartney (Scottish National Party), and Mr Stephen Campbell (Green). The seat is vacant following the death of the Conservative MP Mr Alick Buchanan-Smith.

Mr Douglas Robson did not carry out his threat to stand as a candidate defending the Gordon Highlanders, the local regiment which is due to be merged with the Queen's Own Highlanders under the Army cuts.

Gross mortgage lending rises 10%

GROSS MORTGAGE lending by the biggest British banks was £4.5bn in the third quarter, 10 per cent higher than in the second quarter, the British Bankers' Association said yesterday.

However, new loans weakened both by value, from £3.9bn to £3.5bn, and number, from 82,400 to 76,100.

Airline cash plan

ABERDEEN AIRWAYS, the small passenger airline which went into administration in January, is planning to refinance its operations. Failure to get the consent of Mr Malcolm Rifkind, the transport secretary, would probably lead to liquidation of the company.

UK NEWS

ScottishPower joins energy from waste plan

By Andrew Baxter

A £100m plant to generate energy from waste - one of the largest in the UK - is to be built near Portsmouth in a joint venture between ScottishPower and Babcock International, the engineering contractor and manufacturing group.

The plant will generate 38MW from burning up to 400,000 tonnes of domestic waste a year - enough energy to service about half of Portsmouth, or 100,000 people.

Sir Donald Miller, chairman of ScottishPower, said the market for waste incineration in the UK was expected to grow substantially during the next few years "in the light of increased environmental concerns and the regulation of traditional dumping techniques".

The plant will be the first in the UK to use a new system developed by Westinghouse Electric in the US, and comprises three rotating combustors to raise steam in boilers

which will then be fed to a single-turbine generator.

There are an estimated 10 energy-from-waste plants in the UK, and more are planned. A number of systems are used worldwide, some burning the waste itself and others using landfill gas - the methane-based gas which can build up on household waste tips - as fuel.

The new plant will have a sophisticated pollution control system to meet new Environmental Protection Act standards, ScottishPower said.

A planning application will be submitted shortly, and ScottishPower expects to complete the project three years after permission is granted.

Babcock Energy announced in August that it had beaten UK and European competition to build the plant for Hampshire County Council. It and ScottishPower will form a company, Hampshire Waste to Energy, to build, own and operate the plant for 20 years.

Judgment reserved in City swaps dealer case

By Lisa Wood, Labour Staff

A CITY swaps broker was told that it was not her company's policy to promote people shortly before they went on maternity leave, an industrial tribunal was told yesterday.

Mr Selwyn Bloch was summing up on behalf of Mrs Lilliane Preisler, who alleges sexual discrimination and constructive dismissal against Euro Brokers Capital Markets.

Judgment on the case has been reserved, with a decision expected after November 6.

Mr Bloch said Mrs Preisler was claiming that she had been discriminated against because she was pregnant, which he said was justified on three grounds:

- that her promotion had been deferred;
- that her list of clients had been redistributed and that she had been told this was reasonable because she had been away on maternity leave for a substantial period;
- that her contractual bonus had been reduced because she was being given an enhanced maternity package.

Mr Bloch said in all three respects Mrs Preisler received unfavourable treatment and that in each case it was on the grounds of her pregnancy and therefore her sex. Miss Cindy Buggins, managing director of her former employer, told the



Awaiting the decision: Cindy Buggins (left) is said to have refused to pay Lilliane Preisler bonuses on her return to work and left five days later. She had her second child in July. Mrs Preisler, whose earnings package was worth £150,000 a year, worked as a swaps broker for Euro Brokers from October 1987 until the birth of her first baby in May 1990. She returned to Euro Brokers in January

Therapist's pay parity case goes to Europe

By Our Labour Staff

A SPEECH therapist yesterday succeeded in having her pay parity case referred to the European Court of Justice.

Dr Pamela Enderby complained that her salary as a district speech therapist at the Frenchay Hospital in Bristol was less than that of clinical psychologists and principal pharmacists in a comparable grade.

As 99 per cent of speech therapists are women and the majority of those in the other jobs are men, she argued that the pay difference amounted to unintentional, indirect sex discrimination.

Frenchay Health Authority argued that the variation in pay was "genuinely due to a material factor which is not the difference of sex".

Dr Enderby's case, which is supported by MSF, the general technical union, and the Equal Opportunities Commission, failed at an industrial tribunal and the Employment Appeals Tribunal. She asked the High Court to refer the issue to Europe for a ruling on whether her treatment was in breach of EC discrimination guidelines under the Treaty of Rome.

Three judges yesterday agreed to the reference, in spite of opposition from the health authority and Mr Tony Newton, the social security secretary.

The European Court will have to consider if the principle of equal pay enshrined in the Treaty of Rome requires the employer to justify objectively the difference in pay between a job in which the majority are women and a job where the majority are men.

If the answer to that is "yes", the court will have to consider if the employer can successfully argue that the pay of each job has been determined by different collective bargaining processes, which did not discriminate on grounds of sex.

Lord Justice Neill said the question of whether it was necessary to justify the whole of a variation in pay, or whether it was sufficient to justify only a part, raised a question of importance in Community law.

INSTITUTE OF PERSONNEL MANAGEMENT CONFERENCE

Major urged to back women

By Michael Smith

MS JOANNA FOSTER, who chairs the Equal Opportunities Commission, yesterday called on Mr John Major, the prime minister, to make firm commitments when he launches a campaign on Monday to improve opportunities for women at work.

Ms Foster said women would be extremely disappointed if Mr Major failed to demonstrate that he was prepared to change government policies. Government initiatives were essential if significant progress was to be made on issues including childcare and rights for part-time workers.

At the launch of the campaign, Opportunity 2000, senior executives of at least 50 companies - including J. Sainsbury, ICI and British Airways - will

pledge to improve employment chances for women for the remainder of this century.

They will outline goals and action plans for the employment and promotion of women and will pledge to monitor the progress they make. The campaign has been organised through Business in the Community (BITC), a voluntary organisation.

Lady Howe, BITC chairman, said yesterday that the aim of the campaign was to improve both the quality and quantity of women's participation in the workforce.

Speaking at the Institute of Personnel Management's annual conference in Harrogate, she said: "We want to work towards achieving a balance of women and men at all

levels, especially management." Lady Howe said companies were involved in a campaign for business reasons, in spite of the recession demographic trends meant that skill shortages would continue.

"Companies are saying women sometimes have better qualities than men. They want to know how they can keep them," she said. "They are not aware that women do not leave companies now because they want to have babies. They leave because of the culture of the organisation has driven them off."

The companies involved in the campaign will publish mission statements pledging commitment to change from the top of their organisation.

Hopes for growth as Welsh road tunnel opens

By Anthony Moreton, Welsh Correspondent

THE £190m Conwy road tunnel in north Wales, the first of its kind in the country, was opened by the Queen yesterday.

Sir Wyn Roberts, the Welsh Office minister, said that the tunnel would influence the development of north Wales.

He said that it brought the project to upgrade the A55 between Chester and Bangor to dual-carriageway standard almost to completion. Three short lengths of road remain to be completed, two of which are already under way, and the whole improvement costing £650m is expected to be finished by early 1994.

The immersed-tube tunnel, built by a consortium headed by Costain and Tarmac, consists of a concrete "box" at either end connected by a tube which was floated into position, lowered on to the bed of the Conwy estuary, and joined under water. The tunnel is intended to relieve traffic bottlenecks at Conwy.

Original plans that the river crossing should be a bridge had met with objections because it was thought such a scheme would be obtrusive against the landscape.

It was also considered that another bridge would have clashed with the Telford suspension bridge built in 1826 and Stephenson's 1849 railway bridge alongside.

Commissioner hits back over £5bn work-hours cost claim

By David Goodhart, Labour Editor

GOVERNMENT claims that a planned European draft directive on working time could cost up to £5bn a year were dismissed yesterday by Mrs Vasso Papanetou, the European social affairs commissioner.

She conceded that the directive might cost something, but accused the government of plucking £5bn out of the air.

Mr Tony Blair, Labour employment spokesman, called the figure "complete and utter nonsense" and accused the government of "bad faith" in dealing with Europe, thus reducing Britain's influence.

The original European Commission directive, presented in September last year, laid down certain basic conditions on

hours: all workers should have a minimum of 12 hours rest a day; one rest day per week; four weeks paid holiday per year; and night work limited to eight hours on average.

Subsequently the French government tabled an amendment restricting the working week to a maximum of 48 hours, averaged out over two months, and the German government tabled another amendment stating that the day of rest should be Sunday.

The directive plus amendments is likely to pass - it is subject to qualified majority voting so the UK cannot use its veto - but it will be significantly qualified and have plenty of general exemption clauses.

The Sunday amendment is likely to be diluted by a Dutch compromise to Sunday being the day of rest "in principle". The 48-hour working week will be subject to a Portuguese compromise averaging it out over three months and insisting that the restriction can be completely ignored where the "social partners" - unions and employers - agree.

"It is a very soft and flexible document," claimed a European Commission official yesterday.

However, in contrast to most EC countries, the UK has virtually no statutory protection in areas such as night work, rest periods and weekend work, so the impact of such legislation would be greatest there.

Sharp increase in bankruptcies

By Charles Batchelor

RISE in levels of redundancies, business failures and defaults on mortgage repayments led to a sharp increase in the number of people going bankrupt in the third quarter of 1991, according to KPMG Peat Marwick, the accountancy firm.

A total of 5,523 people were forced into bankruptcy in the quarter, an increase of 53 per cent on the corresponding quarter last year. That took the total for bankruptcies in the first nine months of the year to 15,741, more than the 11,957 recorded in all of 1990.

Mr Tim Hayward, Peats'

head of corporate recovery, said: "The high rate of bankruptcies is likely to continue until present levels of redundancies and business failures drop."

Bankruptcy is the term applied to individuals - not companies - who are unable to pay their debts when they are supposed to or who do not have enough assets to cover their debts.

While many bankruptcies are caused by people being unable to meet their mortgage repayments, the level of debt that a creditor needs to initiate bankruptcy proceedings -

£750 - is relatively low. This means that many people who do not own property are being made bankrupt for failing to repay loans on other goods and services, Peats said.

The largest number of bankruptcies in the third quarter occurred in London and south-east England. A total of 2,621 people went bankrupt, an increase of 89 per cent.

The sharpest rise was in south Wales where bankruptcies rose 95 per cent to 285.

North-west England fared best during the quarter with bankruptcies rising by only 53 per cent to 574.

Unspoken issue facing voters

The Tories are fighting hard to retain Langbaugh, says David Owen

MR BOB Taylor draws pensively on his pint and prepares to deliver the message that Labour campaign workers fear.

"I hope Labour wins, but I'm not going to vote for an Asian. Maybe I'm wrong, but I think they have picked the wrong candidate for the area." A couple of fellow regulars at the Carlin Row Working Men's Club near Skinningrove, across the road from a British Steel works, nod their assent.

Racial prejudice is an unspoken issue among the candidates in next month's by-election in Cleveland, north-east England. The constituency's terrain is varied, including a slice of urban Middlesbrough as well as moorland tracts and peewit-haunted fields. But in ethnic terms, its make-up is uniformly white.

Labour campaign workers fear there may be enough people with views like Mr Taylor's to make a difference in what is likely to be a close-run contest. They are concerned there could be an element of a protest vote against the candidate in the knowledge that there will be a general election within eight months.

Although Mr Ashok Kumar, Labour's candidate, an articulate and urbane research scientist, requires a swing of only 1.7 per cent to overturn a 5,053 Conservative majority, he will want to win and win well if Labour's prospects of winning the general election are to be enhanced.

But Langbaugh, the country's 24th most marginal constituency, is a seat the Conservatives - represented by the bluff and boisterous Mr Michael Bates - are used to fighting hard for. The contest,



A NEW candidate entered the fray in the Hemsworth by-election yesterday, standing under the Independent Labour banner.

Paul Ablett, 40, director of a nursing homes company and former chairman of Wakefield Liberal party, is closely allied to a group of disgruntled Labour supporters in the constituency.

Five parties are fielding candidates: Labour, Conservative, Liberal Democrat and Corruptive Labour are defending a 20,700 majority.

relief on private health insurance for the elderly. But Mr Bates' wife Carol, an NHS sister hobnobbing around with one leg in plaster, may prove a valuable electoral asset.

The economic messages conveyed by the two leading parties could scarcely be more different. The Tory view is that the economy is on the mend and that recession has not buffeted the north-east as seriously as elsewhere. The latest quarterly report from the north-east chambers of commerce gives some sustenance to this, indicating that regional business confidence is picking up. But Mr Peter Crowe of the Teesside and District Chamber of Commerce characterises the economy as "still fragile".

Labour prefers to emphasise rising trends in mortgage repossessions, business failures and unemployment - which at 13.9 per cent is well above the national average. The number of repossessions is reflected in the forest of "For Sale" notices in the region, from down-at-heel south Middlesbrough estates to the prosperous market town of Guisborough.

Where there is common

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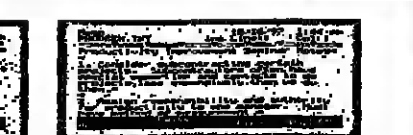
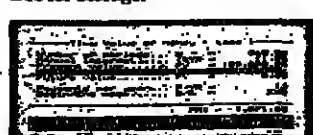
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FINANCIAL TIMES

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Weekend October 26/October 27 1991

Half a cheer
for Big Bang

THE FIFTH anniversary of liberalisation on London's Stock Exchange, which falls tomorrow, is unlikely to prompt more than muted celebration. A question mark still hangs over a number of securities houses that have stayed the course only with difficulty. Those that have managed to accumulate substantial market shares in a more competitive climate continue to suffer from inadequate profitability. Even the future of the Stock Exchange itself is far from clear. Yet the Big Bang, however painful for individuals in the securities business, could scarcely be called a disaster in terms of public policy.

The move towards the abolition of fixed minimum commissions on the Stock Exchange came in the aftermath of the Thatcher government's radical decision to scrap exchange controls. That step marked the beginning of an era in which capital was to flow more freely around the financial centres of the industrialised world. The fear of the Bank of England was that London might fail to attract its share of the increase in securities business likely to result from the growth of cross-border capital flows.

In a decade in which industrial policy went out of fashion and sponsoring ministries lost their appetite for sponsorship, the Bank of England enthusiastically sponsored the City's interests in Whitehall by lobbying to stop the Restrictive Practices Court's examination of the Stock Exchange's rulebook. In this it was notably more successful than it subsequently proved to be in the more conventional central banking tasks of monetary control and prudential supervision. Despite innumerable obstacles, the historic deal in 1983 between Mr Cecil Parkinson at the Department of Trade and Sir Nicholas Goodison of the Stock Exchange opened up the exchange to foreign financial institutions and permitted a dealing system more in tune with prevailing practice in the unregulated European markets. In so doing it helped underpin London's position as the world's pre-eminent international financial centre.

Reduced costs

For all its imperfections, the new screen-based dealing system weathered the 1987 stock market crash far better than those in continental Europe. Institutional investors have enjoyed much reduced dealing costs. Today more than 90 per cent of cross-border equity business in Europe is reckoned to be done in London. And if

imitation is tantamount to flattery, the recent spate of bangs on the bourses of continental Europe is a conspicuous tribute to what has been achieved. But that in turn poses a continuing threat to London. The City's strength in international business has traditionally derived from a low level of regulation relative to its competitors. If others deregulate, the City's competitive edge is bound to suffer some erosion. At the same time the authorities in London have been less successful in fostering comparative advantage in areas such as securities settlement.

Illiquid market

An equally pressing question is whether the gains in the international arena have not been won at considerable domestic cost. The lower reaches of the domestic equity market are now relatively illiquid and the dealing costs faced by private investors constitute a powerful obstacle to wider share ownership. The exchange has thus been obliged to consider whether the dealing system should not be subjected to revisionist tinkering. It has also been obliged to ask itself fundamental questions about its own wider role in the 1990s.

The Big Bang reforms were driven by the impetus to deregulation. But technology would ultimately have imposed pressure for radical reform anyway. In the end it was technology, not the Parkinson-Goodison deal, that removed trading from the Stock Exchange floor. It is technology that has reduced dealing costs to the point where a really active international securities business is feasible. And it is technology that puts the Stock Exchange in competition with Reuters and other providers of information and systems in offering a service to securities houses and their clients.

Since Big Bang, the Stock Exchange has been no less managerially stretched than the rest of the securities fraternity. It is conscious, perhaps for the first time since the 19th century, that no one owes it a living. Like its clients it must continue to adapt to survive. With hindsight, the only definitive winners in this fascinating episode in British financial history are those who walked away with absurdly handsome pay-offs for their stake in a waning cartel, just before the business succumbed to the remorseless competition and change that invariably accompanies trade in international goods and services.

This week's proposed brewery merger between Allied-Lyons and Carlsberg UK is a sharp reminder of one of the great potential disasters of UK competition policy in recent times. It is now two years since the government demanded radical changes in the brewing industry - separating brewing from pub ownership - as a means of promoting competition. It looks like achieving just the opposite.

Two of the big national brewers, Courage and Watneys, have merged already. Smaller competitors such as Greenall Whitley, Boddington and Devenish have abandoned brewing altogether. When the changes were first called for in March 1989, the top three UK brewers accounted for 47 per cent of the market. The figure is now 62 per cent. The price of a pint of beer has in the same period risen by 14 per cent before tax and inflation. What on earth has gone wrong?

The starting point is to ask what the government thought it was up to. The UK beer industry is characterised, to an extent perhaps unique in the world, by the tied house system. The brewer owns and supplies his pubs, while excluding from them the beer made by his rivals. In a normal market, this would be addressed by the rival setting on next door. But the UK market is ossified by the legal constraint of the licensing system, which has allowed the number of pubs in the UK to rise by a mere 7 per cent in the past quarter century.

The result is plainly at odds with the spirit of UK competition law. The remedy proposed to the government in March 1989 by the Monopolies and Mergers Commission was that chunks of the big brewers' pub estates should be sold off by force.

The government balked at such a radical solution. Instead, it settled for demanding that a proportion of the estates should be thrown open to the competition.

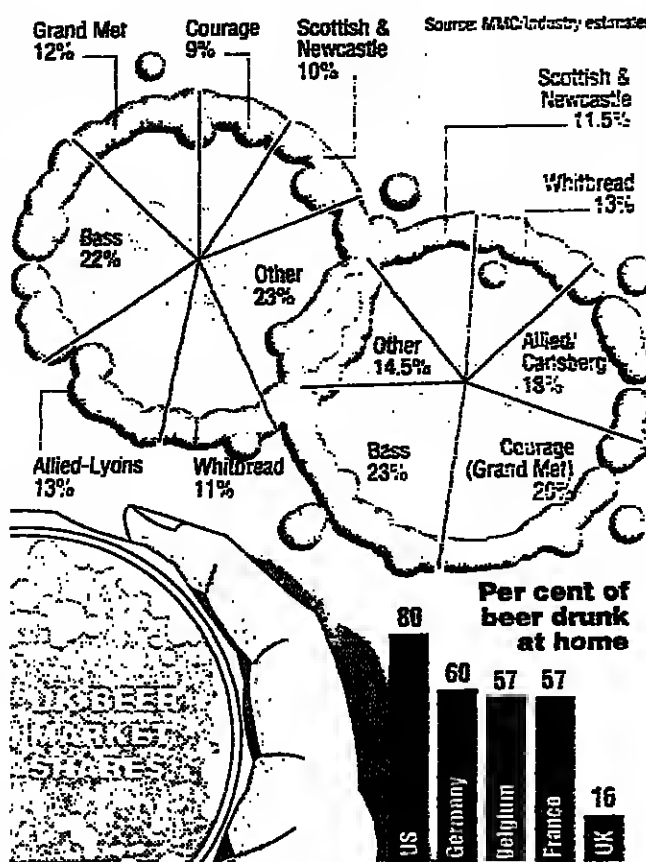
But that had a similar effect. The pubs which the brewers chose to release or sell - some 11,000 or so in total - were obviously the least profitable: the small, isolated country pubs or the gritty urban ones. These were pubs which only made economic sense by soaking up the tail-end of the brewer's output, rather than paying for beer on the open market. As a brewing executive puts it: "So many smaller country pubs are not economically viable without the tie. When we get out of recession, they'll be worth more as houses."

The result, evidently, is fewer pubs. But at the same time, the freeing of large numbers of pubs from the tie means the brewers find themselves supplying a much more open and competitive market. Their natural response is to amalgamate, so as to gain competitive economies of scale. Result: fewer brewers as well.

As an economist would put it, the weakening of vertical integration has resulted in horizontal integration instead. The competition authorities claim to have an open mind on which structure is less harmful, depending on the outcome. If the resulting 14 per cent jump in the real price of beer is a

Tony Jackson on a disastrous intervention in the UK beer market

Trouble brewing



guide, they have made a bad bargain.

The government has one line of defence: that much of the change now sweeping the industry would have happened anyway. The motive force is the growth in popularity of lager. In 1967, lager accounted for 4 per cent of the UK beer market. It now accounts for over half. Lager is the exclusive province of the big brewer, being produced centrally on a huge scale, shipped over long distances and - above all - advertised nationally.

The local brewer has no answer to this. The customers no longer want his mild and bitter; they prefer Fosters, Carling and Heineken. If he gives them what they want in his pubs, his brewery goes out of business. But in many cases, demand for his beer, even under the tied system, has fallen to the point where the brewery has become uneconomic. Boddington, Devenish and Greenall Whitley did not stop brewing because of the legislation, which only affected the big brewers. They simply realised that running pubs was more profitable than brewing unpopular beer.

But the excuses stop there. In the MMC report of 1989, there was a dissenting voice: that of Mr Leif Mills, head of the banking trade union Bifa and one of the report's authors. The proposed changes, he

wrote, were "an unnecessary leap in the dark. The brewing industry should be left to change and develop as it is already doing". The desire to interfere, he said, smacked of the academic question: "The brewing industry may well work in practice, but does it work in theory?"

The justice of that remark has become increasingly apparent. It is by no means clear that the competition authorities fully understood the industry they were setting out to change.

At a press briefing ahead of the MMC report's publication, the journalists remarked that if the brewers were obliged to choose between brewing and running pubs, most of them would get out of brewing. The competition authorities were honestly puzzled. Surely, they said, it would be the other way round.

With hindsight, this was a crucial error. By the late 1980s, rampant inflation in property values had made it obvious to the most hidebound brewer that his pubs were worth much more than his breweries. Through failing to spot this, the authorities missed the fact that if the brewing tie was broken, brewing would become the business of a few giant specialists.

It could also be argued that the authorities were hampered by fundamental contradictions

in motive. It was obvious as long ago as the early 19th century that the simple way to weaken the brewer's tie was to grant more pub licences. In the mid-19th century the experiment was actually tried, on the recommendation of a House of Commons committee. For some 20 years the power of the brewers was weakened. Then the UK went through one of its periodic panics about drunkenness and public disorder, the licensing magistrates clamped down again and the brewers regained control.

Similarly, a previous MMC report in 1985 concluded that the way to weaken the tie was through more liberal licensing, and recommended accordingly. Nothing happened. The 1989 report, plainly discouraged by this, did not repeat the attempt. The present climate of opinion about the consumption of alcohol, it remarked plaintively, would not lead to rapid growth in licences. When the government published its watered-down proposals for change later that year, it took an apparently tougher line. Inquiries would be made, it said, into changing the licensing system. If you now ask the Home Office about the progress of such inquiries, it will tell you it has never heard of them.

Here is another contradiction. The real abuse of the tied system occurs not with the big brewers, who mostly compete on opposite street corners in the big cities, but with the small ones. In a west country town which had best not be named, the local brewer owns virtually every pub within a five-mile radius. His bitter is terrible, his dabbled German-style lager worse. It is enough to make the local beer-lover drink at home: except, of course, that the brewer owns the off-licence.

But the MMC and the government bent over backwards to exempt such small local brewers from change. To break the tie and allow consumers choice would be to condemn the brewery to instant closure, thus causing unemployment and causing the ire of the defenders of local real beer, however horrible. Thus, through muddle and compromise, the competition authorities ended up with the worst of possible worlds.

It might be asked what the effect of all this is on the economy, particularly since the sale of beer accounts for over 2 per cent of the country's GDP. Subject to the central problem of rising prices, the results are probably beneficial. Beer is produced in large and more efficient units, while buildings which are not truly viable as pubs are put to other uses.

But in a subject as emotive as this, economic effects are by no means everything. There is a close parallel with the book-selling trade and the dismantling of the Net Book Agreement. On the one hand we have the small neighbourhood bookshop, stocking quirky and interesting titles rather than the latest Jeffrey Archer. On the other, we have the quiet, friendly corner pub serving the local real ale rather than Fosters lager. Both are minority tastes, appealing more to sentiment than economics. Both rely on the paradox of imposing choice on the consumer through restrictive practices. Both, for good or bad, look to be on their way out.

Cod wars and cuckoo clocks

FT writers on 10 things you didn't know about Efta



This week's agreement in Luxembourg on a free-trade area between the European Community and the European Free Trade Association (Efta) potentially will set up the world's biggest common market, linking 580m consumers in 19 countries across a wide swathe of Europe. Before the deal comes into effect on the date of introduction of the EC's "single market" on January 1 1993, the agreement has to be ratified by all parliaments involved and put to a referendum in Switzerland. Assuming it passes these hurdles, the accord will bring an upheaval for individuals and businesses throughout the continent. Here is a guide to some things that might change.

Q: Can I buy that flat in Switzerland I've always wanted?
A: Depends where it is. (And how famous you are). Restrictive quotas on foreign ownership - particularly tight in areas of mountain tourism - will probably be adjusted only gradually over the next two or three years, but most Swiss recognise that they will eventually have to end.

Will the transport provisions make it easier and cheaper to get goods to market in southern Europe?
No, at least not to begin with. The agreement will simply stop a further tightening of restrictions on lorries thundering through the Alpine passes to Mediterranean Europe. Austria has allowed the other countries to lift their quotas for heavy trucks by 4 per cent for 1992, with more vehicles allowed through afterwards only if they pollute the atmosphere less.

Will it mean that EC firms can buy stakes in Swiss or Swedish companies currently protected by anti-foreigner provisions in their articles of association?
Yes, eventually. Sweden and Switzerland will have to lift their restrictive rules as part of the freeing of capital movements in the European Economic Area. Sweden has been moving in this direction in line with the government's attempts to improve the business climate. Once restrictions on foreign ownership of voting shares are removed, the Nordic area will account for 12 per cent of total voting capital in Europe - against only 6 per cent at present.

Will Europe be flooded with Swiss and Austrian cuckoo clocks?
No. First, because cuckoo clocks are more a south German speciality; second because already since 1972 there have been no tariff barriers for trade in goods between Efta and EC members. The big

changes will come in product areas which have previously been affected by now-to-be-harmonised rules on technical standards, health or safety. Prices for sale of EC cars into Switzerland, for instance, should fall once the importers' monopoly is ended. Longer term, Swiss pharmaceutical companies see the chances of improving their already considerable market presence in the EC.

Will there be another cod war?
There will certainly be acrimony with Norwegian fishermen, who have had to concede a limited extra proportion of fishing rights to EC countries, including Britain. The UK government has not helped the cause of smooth relations with Oslo by accusing Norway of dumping salmon.

Can I work in Sweden? Do I qualify for Swedish paternity benefits and other social bargains?
Yes, if you like. Beware: the alarming rise in the budget deficit and the country's economic crisis have killed off the Swedish model. The government is even trying to renege on promises to increase child allowances.

Do Efta countries face an immigration problem in future?
They do already. One of Europe's greatest challenges will be managing flows of people from eastern Europe and the Third World over ever more open borders.

Are the big corporate gainers EC firms currently hampered in their expansion into Efta countries or Efta companies who now have unfettered access to the EC?
The big winners will be large and small internationally-minded companies in both trading areas which have something to sell in each other's markets. The losers may turn out to be companies in countries like Norway with relatively closed domestic markets which will now be opened to global competition.

What will happen to investment patterns?
The Swedish government is hoping that the deal will help bring an end to the massive outflow of corporate investment into areas perceived as being closer to the heart of the Community, such as Germany. German engineering companies, for instance, will now be providing more intensively for opportunities to buy into formerly restricted markets.

How will all this affect the linguistic future?
The entry of Austria and Switzerland into the new trading bloc will bolster the cause of German. But English may do even better if the Anglophone, polyglot Scandinavians arrive in force. It may not be a good time for French language schools.

Contributors: David Marsh, Peter Martin, Robert Taylor, Will Dufforne, David Gardner, Andrew Hill, Richard Tomkins.

MAN IN THE NEWS

Faisal Husseini
Palestinian
calling the tune
from a distance

By Hugh Carnegie



By Hugh Carnegie

mir, the Israeli prime minister, to cross Mr Husseini off the list. But clinching the Israeli government's case against him was his image as the leader of the *infidels*, the now faltering Palestinian uprising which erupted in 1987.

So Mr Husseini will go to Madrid, but not to the ceremonial conference opening hosted by Presidents George Bush and Mikhail Gorbachev, nor to the subsequent bilateral talks with the Israelis where the real business of negotiation will start. Instead, he will remain on the sidelines as the head of an advisory team of similarly disqualified colleagues.

The prolonged charade caused by Israel's insistence on banishing the PLO behind the curtain has tested Mr Husseini's patience, his energies and his political credibility. He has had to struggle to wring minimal concessions out of the Israelis, such as their reluctant agreement not to scrutinise the list of Palestinian delegates in advance, via repeated talks with Mr James Baker, the US secretary of state. At the same

time he has had to persuade a frustrated PLO and Palestinian public that to abandon the peace process would be to miss a precious opportunity to begin to reverse the long catalogue of Palestinian misfortune.

Mr Husseini has also had to accept the postponement of any discussion of a Palestinian state until after an initial period of limited autonomy - something the PLO rejected when it was offered as part of the Camp David accords between Israel and Egypt 12 years ago. "Many things that seemed impractical in those days are now useful," said Mr Husseini, rather sheepishly.

Palestinian radicals are still not happy. But there is little doubt that during the eight months it has taken Mr Baker to bring the peace conference to fruition Mr Husseini has enhanced his authority.

He started from a solid base. He is the son of Jerusalem's most venerable family which claims direct descent from the Prophet Mohammed. Over many generations, al-Husseini have served as mayors and

Murris of the Holy City; his father, Abdul Qader, was killed fighting the Israelis in 1948. Faisal was born, says a friend, "with a certificate of Palestinian nationalism".

Several spells in Israeli jails helped boost his credentials. He has also worked hard throughout the *intifada* to stay on good terms with all the multifarious Palestinian factions.

What was missing, until recently, was real clout in the wider PLO of the diaspora - where Mr Yasser Arafat, the PLO chairman, has always jealously guarded his pre-eminence. That, however, Mr Husseini has substantially achieved since the end of the Gulf war. The leadership in the occupied territories was appalled by the disastrous diplomatic effects of PLO support for Iraq and afraid the people of the West Bank and Gaza would be the main victims. They made clear they now wanted greater influence in PLO decision-making.

Mr Arafat makes a great show of asserting that Mr Husseini is his appointee. A col-

league, however, says this is not the whole story. "Faisal's role as negotiator with the US has shifted power from PLO headquarters in Tunis to the occupied territories. Tunis now has to deal very carefully with Mr Husseini. He has been taking decisions without referring in advance to anyone."

Mr Husseini does not cut a ruthless figure. He is nervous at public gatherings and makes his points in polite, not blunt style. The years of exposure to Israeli rule have made him more comfortable in Hebrew than in English. He likes to doodle; during a seminar not long ago, he was spotted drawing a moustache on a cartoon of Mr Ariel Sharon, the hardline Israeli minister.

Some senior Palestinians worry privately about his ability to conduct - or rather orchestrate - tough negotiations. In his talks with Mr Baker, he relied heavily on Mrs Hanan Ashrawi, a tough-minded university teacher with fluent English. He has also brought in Prof Sari Nusseibeh, another academic with long experience of formulating political positions, to bolster the Palestinian team.

But their presence cannot disguise the lack of negotiating skills on the Palestinian side which is exacerbated by the fact that most of their best people will be held at one remove from the talks. This may be a fatal handicap as they will face an Israeli team backed by years of hard-boiled experience and rich diplomatic resources.

It makes all the more daunting the challenge for Mr Husseini to fashion any deal with the Israelis that he can sell to both the PLO and the people of the occupied territories.

In the end, however, the humiliations suffered by the Palestinians on the road to negotiations have been softened by one key fact: no one - not even the Israelis - doubts that the 14 Palestinians at the conference will be there as part of the PLO. "Reality is reality. You can change glasses, but you can't change the real world," said Mr Husseini.

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10

UK COMPANY NEWS

Boots' shares fall on heart drug recommendations

Glaxo's anti-migraine drug cleared in US

By Paul Abrahams

SHARES in Glaxo and Boots, two British pharmaceutical companies, yesterday reacted sharply to hearings of the US Food and Drug Administration (FDA).

The share price of Glaxo, Britain's largest pharmaceutical group, closed up 51p at £14.55 in expectation that the FDA would approve Imigran, the company's anti-migraine drug, which some analysts claim is the most important drug the company has in its pipeline.

A decision to approve an injectable version of the drug was given last night by the FDA after the UK markets had closed.

The FDA estimates that about 10 per cent of middle-aged men and 20 per cent of women in the US suffer from migraines. Analysts are unsure how large the market for this version of Imigran, to be marketed as Imitrex, is likely to be.

"It's clear Imigran is effective and there is no comparable drug on the market," says Mr Ian White of Kleinwort Benson.

"But it's impossible to predict whether there will be a 2 per cent take-up or a 40 per cent take-up. We estimate the world market could be worth \$500m a year by 1996, but we could be out by a factor of two or three."

Glaxo has a string of drugs in the pipeline to supplement sales of Zantac, the ulcer treatment that is the world's best-selling drug. Glaxo is likely to come under increasing pressure from generic drug companies from 1995 onwards when the first patent on Zantac expires in the US.

Meanwhile, shares in Boots, the retailer and drugs manufacturer, at one stage fell by 17p before closing 3p down at

420p, following recommendations on Thursday by the cardio-renal advisory committee about Boots' drug Manoplax which is designed to treat congestive heart failure.

Analysts were pleased that the advisory committee had not found anything wrong with the product, but were disappointed that it had recommended Manoplax should only be used when existing drugs, known as ace inhibitors, were ineffective.

About 25 per cent of the 3m patients in the US with the disease fail to react to ace inhibitors. The worldwide market for congestive heart failure treatment is worth about \$2bn (£1.1bn) a year.

The FDA is not obliged to take the advisory committee's advice, but usually does so. Some analysts pointed out that it was not unusual for drugs to be approved in stages.

The game's in the name as Hilton tilts Hilton

By Clare Pearson and Nikki Tait

HILTON INTERNATIONAL, the hotels chain owned by Ladbroke, the UK leisure group, has commenced a lawsuit against Hilton Hotels Corporation of the US alleging breaches of agreements covering the geographical regions in which the two separate companies may use their shared brand name.

Hilton International's action seeks "substantial damages" resulting from HHC's use of the Hilton name outside the US and also an injunction to prevent it using the name Conrad for hotels outside its home country.

This is on the basis that the nomenclature harks back to Conrad Hilton, who founded the Hilton empire.

In a statement yesterday, Hilton International said its complaint alleged that HHC had violated certain trademark agreements. These date back to 1964, when Hilton International was spun off.

It said the agreements gave Hilton International "the exclusive right" to use the name Hilton for hotels outside the US. Meanwhile HHC's use of the name Conrad was enabling it to "benefit from the reputation associated with him and the Hilton name."

In the US, Mr William Lebo, HHC's general counsel, claimed that the action was "frivolous and without merit" and said that the company would contest it "vigorously".

He pointed out that the 1964 accord - which gave Hilton International exclusive use of the Hilton name outside the US, while HHC retained this right within the United States - had been supplemented by a 1978 agreement, requested by Hilton International. This allowed the group to market "sub-brands" in each other's territories.

HHC said that it had been developing the Conrad properties since the early 1950s, with the first hotel - the Hotel Conrad - opening in Australia in 1955.

Hilton International said that it was unable to elaborate on its press statement on the dispute.

The company, bought by Ladbroke in 1987, is now the largest contributor to group profits and this year acquired a new, upmarket flagship with the opening of the renovated Langham hotel in central London.

It has however been hard hit by the recession and the Gulf war although gains on disposals allowed it to put in £78.2m (£76m) to Ladbroke group pre-tax profits of £98.2m, 38 per cent down, in the six months to end-June.

In the US, Hilton Hotels runs both lodging properties and casinos, and like most of the industry, has been hit by recession and the oversupply of hotel space. In the first nine months of 1991, its after tax profits fell by 34 per cent to \$54.7m.

Interim payment was 2.5p. The directors said trade in general had been poor.

Turnover rose to £8.91m (£8.74m) on the inclusion of new subsidiaries Walker Engineering and Chester Hydraulics.

Postponement of capital plant schemes by customers at home and abroad continued, and action was being taken to reduce overheads.

Net loss for the half year worked through at £221,000 (£240,000), equal to 6.45p (0.18p) per share.

Polypeipe acquires Glass Centre

Mr Kevin McDonald, chairman and managing director of Polypeipe, a manufacturer of plastic pipes and fittings for the building and plumbing industries, told the annual meeting that current trading was better than at this time last year.

He also revealed that Polypeipe had acquired Glass Centre (Potters Bar) Aluminium, a maker of double glazing units, for an initial cash consideration equal to some 70 per cent of GC's net assets.

Further profit-related consideration of up to a maximum £2m will be payable in shares.

For the 13 months ended March 31 1991 Glass Centre returned profits of £91,000 pre-tax and had net assets at period-end of £919,000.

Goldman Sachs cuts MCC stake again

Goldman Sachs, the US investment bank, has further reduced its stake in Maxwell Communication Corporation to 4.05 per cent by selling 9.1m shares, or 1.4 per cent.

The value of the sale on October 22 was not disclosed, but at the share price of 156p on that day it would have

Hawker Siddeley reinforces defensive position as BTR snaps up GRE stake

By Roland Rudd and Andrew Baxter

HAWKER SIDDELEY, the engineering company fighting a hostile £1.5bn offer from BTR, has been close to agreeing disposals worth around £360m and is planning acquisitions of £120m, according to the group's advisers.

Meanwhile Hawker's chances of remaining independent diminished sharply yesterday when one of its highest shareholders, Guardian Royal Exchange, sold its 3.8 per cent holding in the company at 710p.

BTR quickly snapped up the stake, lifting its holding in Hawker to 4.7 per cent.

The group has lined up potential buyers for its electric power and rail divisions and is close to buying new companies to strengthen two of its core businesses, batteries and electric motors.

The moves are part of Hawker's wide-ranging strategic restructuring, details of which were unveiled on October 10. BTR, which most City analysts believe will win the bid battle, has criticised Hawker's plans to sell four of its seven businesses

and its ability to make subsequent acquisitions.

Hawker would like to call extraordinary general meetings to sanction any disposals agreed within the next few weeks, but Mr Alan Watkins, managing director, fears that this may not be possible.

According to the group's advisers Hawker has been close to making deals with the following prospective purchasers.

● Siemens, the West German engineering and electronics group, is keen to buy the four main businesses within the rail division for around £180m, which include Brush Traction and Westinghouse Brakes and Signals of the UK, Safetrax Systems of the US and Spain's Dimetronic.

● AEG, the engineering and electronics subsidiary of Deminor-Benz, and Asea Brown Boveri, the Swiss-Swedish engineering group, are at advanced negotiations to buy the electric power division,

without the diesel subsidiary, for around £180m. Siemens has also expressed an interest but Hawker is anxious that the German company should not be seen as a "white knight".

● Subsidiaries of both the private US conglomerate Kohlberg Kravis Roberts and Johnston Controls of the US are seen as strong possibilities to establish joint ventures with Hawker's instruments and controls division.

On acquisitions, Hawker has set its sights on Loher, an electrical equipment subsidiary of Deutsche Babcock, which it would like to buy for less than £50m to give it a stronger presence in the market. Hawker already has a German distributor, Macarthur.

In the batteries division, Trugstone is considering bidding for Tudor Batteries, Europe's third biggest producer, for around £20m. But earlier this week its owner, Spain's Corporacion Banesto, said it had no intention of selling it.

At last the battle begins to hot up

Andrew Baxter on the resistance coming from the UK engineer

I've got to come through with something bloody quickly otherwise it will all come to naught, just more hot air from another bloody Australian blowing through.

This colourful admission by Mr Alan Jackson, managing director of BTR, emblazons the bright red front cover of Thursday's defence document from Hawker Siddeley, the UK engineering group fighting a £1.5bn takeover bid from the acquisitive conglomerate.

Hawker took the quotation - which refers to BTR's much-disputed need for a big acquisition - from an article in The Age, Melbourne on March 25 1991, nearly six months before BTR launched its bid.

It is a small sign for fans of corporate takeover badinage that, after taking a long time to warm up, the battle for Hawker is at last beginning to generate friction, and therefore some heat.

The slow start may, perhaps, be due to the fact that some in the City thought the bid was as good as in the bag as soon as it started. Hawker is doing its level best to disabuse them of this notion, but it can't be much fun for Mr Alan Watkins, managing director, to read headlines like "The end is near" on brokers' reports. That was Mr Adam Quinton of UBS Phillips & Drew on October 17.

Now, as the bid proceeds through its timeable of offer documents, defence documents and cut-off dates for announcements, the quotation-hunting is picking up pace.

Investment bankers are filling old newspapers and magazines for the telling sentence - or half-sentence - that supports facts dredged up by their colleagues from minute examination of company records.

It is a process viewed with some suspicion by analysts and journalists who now know how their theatre critic colleagues feel when snippets of finely-hoofed reviews are reproduced in yard-high type on the front porches of West End playhouses.

At testtime, Hawker launched its second major offensive of the campaign, a ringing 14-page exposé of BTR's alleged inability to



develop growth businesses, "opaque" acquisition accounting techniques, and over-dependence on BTR Nylex, the quoted Australian subsidiary which, Hawker claims, has gone ex-growth.

Apart from the quote on the front cover, much of this attractively-designed document is a combination of graphs and closely-argued text to illustrate the main themes. But Hawker, too, cannot resist including some telling quotes, cleverly packaged together in a panel entitled "Telling Quotes". Like this one from the FT of August 13: "...impairment is mounting and this is adding to the pressure on the group [BTR] to get one right after another fifts at Pilkington and Norton."

Mr Jackson is not very happy about Hawker's latest salvo, and takes remarks about BTR Nylex personally. "Having taken full credit for Nylex's growth, Alan Jackson must shoulder responsibility for its profits collapse and the pressure this puts on BTR," says Hawker sternly.

Yesterday BTR kept up the pressure, claiming the latest Hawker document "makes a number of claims BTR regards as misdirected and unfounded." Hawker advisers,

naturally, defend the careful research behind their examples of businesses acquired by BTR where the drive for short-term margin increases has led, they claim, to a long-term decline in market share.

Clearly, the entire process carries with it the risk that investors will become immune to, or turned off by, the arguments and cease to consider the central industrial issue at stake: which company should be entrusted with Hawker's businesses?

So far, the City marks BTR well ahead on points, although both sides have drawn blood. The conglomerate made the early running with its bid and subsequent offer document giving it plenty of opportunity to rubbish Hawker's record and emphasise its own talents at improving the performance of its acquisitions.

Hawker hit back with its strategic disposal plan, unveiled on October 10. While impressing institutions with the rigour of the strategic analysis on which it was based, the plan inevitably gave BTR the opportunity to turn its quarry was turning itself into an asset trader. Hawker's tactic, says Mr Quinton, plays into BTR's hands.

Hawker is now trying to take the initiative by turning the spotlight on BTR. And there is plenty more to come: sometime before November 5 Hawker is expected to make a "realistic" profits forecast emphasising, probably, that the kind of margin improvements sought by BTR are not possible in the European market of the 1990s.

Mr Jackson, meanwhile, promises to demonstrate in more detail how the two businesses fit together. Hawker continues to claim there is virtually no overlap.

Further speculation surrounds the colour of Hawker's next defence document. Hawker's chosen blue and red so far, will it start a new trend in M&A by picking yellow for its third salvo - the hitherto untitled "primary colours defence"?

Hawthorn Leslie loss hits £12m

Hawthorn Leslie, now mainly a mobile telephones company, incurred a pre-tax loss of £11.9m for the six months to end-June. Immediately after that date it was forced by its bankers to sell both its electrical wholesaling and consumer products divisions, writes Clare Pearson.

The operating loss was £5.68m with discontinued businesses accounting for £3m and the balance stemming from mobile communications and leasing and electrical manufacturing.

In addition there were £3.7m of exceptional items, some £2.5m of which related to the telephone business, especially in the form of provisions for uncollectable bills. Interest payable was £2.54m (£2.77m). The comparative loss came to £4.49m.

There is no dividend. However, Mr Andrew Huxley, deputy chairman, said disposals and other changes would "substantially improve performance in the second half of the year."

The shares closed unchanged at 24p.

A gain of £1.3m from the disposal in July of the group's other businesses was taken as an extraordinary item. The electrical wholesaling division was sold to Otr, the Dutch electrical distributor, for £22.8m and the consumer products division to Porter Chadburn, the consumer leisure products company, for £500,000.

British Land deal shows confidence in property

By Roland Rudd

BRITISH LAND has agreed to buy 53.7 per cent of Rosehaugh Group, a London-based property company, for £73.1m from Rosehaugh and Ravensale.

Mr John Weston Smith, British Land director, said the purchase underlined the group's confidence in an upturn in the UK property market.

Despite the property sector losing a third of its value in the last three years and the value of London offices falling by about 25 per cent a year, Mr Weston Smith said he was convinced it was a good time to invest in the sector.

The company will pay for

the purchase with 3.6m new British Land shares, 36.4m of new 8.85 per cent convertible capital British Land bonds, £15.45m in British Land loan stock and £10m cash.

Mr Weston Smith said the transaction gave British Land the opportunity to acquire controlling interests in well-located investments which would make a significant contribution to the company's earnings per share and net assets per share.

The properties are located to the north of Finsbury Circus, London EC2, adjacent to the Broadgate development.

More O'Ferrall raises £13m to bolster balance sheet

By Richard Gourlay

MORE O'FERRALL, the outdoor advertising poster contractor, is raising £13.4m through a rights issue to bolster its debt-laden balance sheet.

It is on a one-for-four basis at 215p, and is fully underwritten by County Natwest.

Proceeds will reduce the debt from £24.3m to £11.3m and cut gearing from 126 per cent to 34 per cent.

It, the venture capital company, which controls 25 per cent of More O'Ferrall, said it would vote in favour of the issue but was selling its rights,

thereby reducing its stake to 20 per cent.

More O'Ferrall intimated it would pay an unchanged final dividend of 10p for 1991 on the increased capital.

Mr Russell Gore-Andrews, the chairman, claimed the company also wanted to take advantage of attractive investment opportunities in core businesses, including illuminated billboards and bus shelter advertising panels.

"We need some cash and flexibility to do this and not the kind of capital restrictions I have imposed in the last year," he said.

Half of the company's investment expansion programme, which cost £48m over the past four years, had come out of cashflow. Because of the recession in advertising markets, the benefits of those had not been reflected in earnings.

While More O'Ferrall's share price fell only 25p to 240p, the rights issue had a mixed reception. Some analysts suspected the company was more interested in restoring order in its balance sheet than in preparing for investment opportunities.

With the company believed to have had a tough third quarter - after reporting last month pre-tax profits more than halved at £512,000 in the first half - the dividend was likely to be only barely covered by earnings this year.

Executors of the estate of Mr Rory More O'Ferrall, the company's founder, were also selling most of its 4.8 per cent holding with rights through the company's brokers, Cazenove.

County placed 3½ rights yesterday morning. The venture capital group said it was using the opportunity to broaden More O'Ferrall's shareholder base. It was unusual for 3½ to hold as large a stake in a publicly quoted company, Mr Michael Queen, a 3½ director said.

Mr Gore-Andrews said that the company would be comfortable raising its gearing to 50 per cent and would be prepared to spend between £2m-£10m on investments in the next nine months.

Aviva Petroleum

Aviva Petroleum had a net loss of \$3.23m (£1.97m) for the six months to June 30 against restated profits of \$784,000. Losses per share were 10 cents.

CORRECTION

Polly Peck Intl

The list of defendants in the civil claims action brought by the administrators of Polly Peck International published yesterday incorrectly included the internationally unrecognised Turkish Republic of Northern Cyprus as a separate defendant alongside the Turkish Cypriot Central Bank. The Turkish Cypriot state itself is not a defendant in the action.

S Jerome shares fall to 54½p

SHARES of S Jerome, the textiles and electronics group, fell 14p to 54½p yesterday as losses continued in the first half. The interim dividend is being cut from 2.5p to 1p.

The company was also seeking a buyer for its CMR Electronics subsidiary.

The loss was £576,000 pre-tax compared with £500,000 in the second half of 1990. There was a profit of £804,000 in the opening six months of last year.

In textiles there was an operating loss of £262,000 (profit £701,000) while in electronics the profit was reduced to £137,000 (£285,000). Interest charges were £451,000 (£282,000).

The reason for selling CMR was that its strong growth and consequent high borrowing levels could not be sustained by the group.

A buyer was being sought, and a conditional offer had already been received which was being considered.

In the three months since June the textile side had not seen any significant upturn in trading conditions.

Electronics should improve as completion of contracts was biased towards the second half.

Clayton tumbles £314,000 into loss

Clayton Son & Co (Holdings), the engineering group, incurred a pre-tax loss of £314,000 in the six months ended June 30 and is passing the interim dividend.

The loss compared with a profit of £18,000, increased to £543,000 for the full year. The

NEWS DIGEST

interim payment was 2.5p. The directors said trade in general had been poor.

Turnover rose to £8.91m (£8.74m) on the inclusion of new subsidiaries Walker Engineering and Chester Hydraulics.

Postponement of capital plant schemes by customers at home and abroad continued, and action was being taken to reduce overheads.

Net loss for the half year worked through at £221,000 (£240,000), equal to 6.45p (0.18p) per share.

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Goldman Sachs cuts MCC stake again

Goldman Sachs, the US investment bank, has further reduced its stake in Maxwell Communication Corporation to 4.05 per cent by selling 9.1m shares, or 1.4 per cent.

The value of the sale on October 22 was not disclosed, but at the share price of 156p on that day it would have

raised £14.2m. The MCC share prices yesterday was 147p.

Goldman Sachs has reduced its holding in MCC several times since August, when it disclosed that it held around £143m worth of shares in MCC and Mirror Group Newspapers, both controlled by Mr Robert Maxwell.

Of the £143m, around £106m was held as collateral for banking loans from Goldman to companies controlled by Mr Maxwell.

At testtime, Hawker launched its second major offensive of the campaign, a ringing 14-page exposé of BTR's alleged inability to

Substantial growth for Colorgen

As market conditions continued to improve with substantial orders being placed with leading retail chains, Colorgen lifted pre-tax profit from £19,000 to £378,000 (£221,000) for the first half of 1991.

The company makes computerised colour-matching systems, is based in the US and quoted on the USM.

Net sales rose to \$9.35m (\$8.08m) for a profit of \$4.42m (\$2.83m).

Operating expenses were substantially higher, including \$1.09m (\$287,000) for research and development.

Income per share rose to 2 cents (0.1 cents).

Barlo in profit with £319,000

Barlo Group returned to profits in the half year ended September 30 with a pre-tax balance of £219,000, or £282,000.

Mr Frank Belton, chairman of this Irish-based group, said he was budgeting for continued growth and enhanced profitability in the second half - traditionally the stronger period.

In the core radiator business the group lifted market share in Ireland and the UK. Sales levels in both countries were

now higher than last year, notwithstanding the recession. Development of exports to Europe was continuing satisfactorily.

Turnover fell to £56.14m (£56.71m) reflecting the withdrawal from the sale of boilers and valves in the second half of last year.

The profit included exceptional credits of £228,000, and compared with a loss of £23,000 which took in exceptional charges of £394,000.

Earnings per share came to 0.44p (losses 6.34p).

Exceptional helps Plastiseal to £0.4m

An exceptional profit of \$422,000 enabled Plastiseal, the USM-quoted maker of uPVC, aluminium and wood windows, doors and conservatories, to report pre-tax profits of \$498,000 for the six months to July 31. The comparable figure was \$455,000.

Mr Howard Manttan and Mr Michael Price, joint chairmen, said the recession had resulted in fierce competition in a reduced market.

Turnover fell to £7.2m (£11m) and operating profits to £16,000 (£62,000).

Certain areas continued to be rationalised and the move of the Plastiseal (uPVC) subsidiary was completed. However, although they did not expect an upturn in the economy until 1992 companies throughout the group were experiencing an increase in order levels, they said.

Earnings per share amounted to 4.5p (8.7p) and the interim dividend is an unchanged 1.5p.

The exceptional profit - which compares with a loss of £172,000 - comprised \$474,000 profit on the sale of a factory, \$29,000 from the sale shares in Thurgar Baxend and rationalisation costs of £144,000.

Prices for electricity generated by the purchase of the electricity pool in England and Wales

Estimated Price by Pool Price by Trading

10 hr	Peak	Peak	Peak
10 hr	10 hr	10 hr	10 hr
0000	15.82	15.82	15.82
0005	15.82	15.82	15.82
0010	15.82	15.82	15.

ECONOMIC DIARY

TODAY: Meeting of US, Canadian and Mexican trade ministers in Zatecas, Mexico to negotiate free trade agreement (until October 27).

TOMORROW: Polish general election. Mr. Gierza Prasad Kozlowski, prime minister of Poland, arrives in New Delhi on a four-day visit to seal new trade and transit pact. British summer time ends (clocks go back one hour).

MONDAY: Engineering sales and orders at current and constant prices (August). Russian republics supreme legislature, the Congress of Peoples Deputies, meets in Moscow.

TUESDAY: Finished steel consumption and stock changes (second quarter). London sterling certificates of deposit (September). Monetary statistics (including bank and building society balance sheets) (September). BHI turnover statistics (September). Sterling commercial paper (September).

WEDNESDAY: Bricks and cement production and deliveries (third quarter). New vehicle registrations (September). US personal income, expenditure for September, new home sales in September, National Economic Development Council meeting, Mikhail Gorbachev, Soviet president, and Mr. George Bush, US president, attend Middle East peace conference in Madrid. Financial Times holds two-day conference "World mobile communications" in London.

THURSDAY: Energy trends (August). Queen's speech outlining UK government's legislative programme. Channell Tunnel rail links symposium in London. Zambia holds multi-party general election.

FRIDAY: US unemployment, non-farm payrolls for October, leading indicators (September). New exhaust emissions test for MOT comes into force.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS		Friday October 25 1991		Thurs Oct 24		Wed Oct 23		Tues Oct 22		Year to date		Highs and Lows index	
Figures in parentheses show number of stocks per section		Index	Day's Change	Index	Day's Change	Index	Day's Change	Index	Day's Change	Index	Day's Change	High	Low
1 CAPITAL GOODS (181)	802.95	-0.3	9.56	802.65	-0.3	802.35	-0.3	802.05	-0.3	801.75	-0.3	801.75	801.75
2 BUILDING MATERIALS (223)	966.32	-0.6	7.66	965.66	-0.6	965.00	-0.6	964.34	-0.6	963.68	-0.6	963.68	963.68
3 SERVICES (111)	1051.79	-1.1	8.88	1050.61	-1.1	1049.43	-1.1	1048.25	-1.1	1047.07	-1.1	1047.07	1047.07
4 ELECTRONICS (25)	1863.13	-0.3	11.36	1862.73	-0.3	1862.33	-0.3	1861.93	-0.3	1861.53	-0.3	1861.53	1861.53
5 ENGINEERING-AGGREGATE (8)	354.02	-0.5	15.83	353.52	-0.5	353.02	-0.5	352.52	-0.5	352.02	-0.5	352.02	352.02
6 ENGINEERING-GENERAL (43)	483.10	-0.8	18.16	482.30	-0.8	481.50	-0.8	480.70	-0.8	480.00	-0.8	480.00	480.00
7 METALS-INDUSTRIAL (17)	432.08	-1.0	15.19	431.08	-1.0	430.08	-1.0	429.08	-1.0	428.08	-1.0	428.08	428.08
8 METALS-GENERAL (17)	539.48	-1.0	7.90	538.48	-1.0	537.48	-1.0	536.48	-1.0	535.48	-1.0	535.48	535.48
9 MINING (12)	1556.71	-0.2	11.14	1556.51	-0.2	1556.31	-0.2	1556.11	-0.2	1555.91	-0.2	1555.91	1555.91
10 OTHER INDUSTRIAL MATERIALS (20)	1556.71	-0.2	11.14	1556.51	-0.2	1556.31	-0.2	1556.11	-0.2	1555.91	-0.2	1555.91	1555.91
11 CONSUMER GROUP (11)	1556.71	-0.2	11.14	1556.51	-0.2	1556.31	-0.2	1556.11	-0.2	1555.91	-0.2	1555.91	1555.91
12 BREWERIES (2)	1922.96	-0.1	8.01	1922.86	-0.1	1922.76	-0.1	1922.66	-0.1	1922.56	-0.1	1922.56	1922.56
13 FOOD MANUFACTURING (11)	1199.04	-0.3	9.53	1198.74	-0.3	1198.44	-0.3	1198.14	-0.3	1197.84	-0.3	1197.84	1197.84
14 FOOD RETAILING (17)	2379.28	-1.9	9.34	2377.34	-1.9	2375.40	-1.9	2373.46	-1.9	2371.52	-1.9	2371.52	2371.52
15 HEALTH AND WELFARE (23)	5765.58	-1.4	8.36	5764.18	-1.4	5762.78	-1.4	5761.38	-1.4	5759.98	-1.4	5759.98	5759.98
16 HOTELS AND LEISURE (24)	1320.73	-0.7	7.71	1319.93	-0.7	1319.13	-0.7	1318.33	-0.7	1317.53	-0.7	1317.53	1317.53
17 MEDIA (26)	1486.70	-0.7	7.24	1485.90	-0.7	1485.10	-0.7	1484.30	-0.7	1483.50	-0.7	1483.50	1483.50
18 FINANCIAL SERVICES (22)	753.06	-0.7	7.38	752.36	-0.7	751.66	-0.7	750.96	-0.7	750.26	-0.7	750.26	750.26
19 TELEPHONE SERVICES (11)	1486.70	-0.7	7.24	1485.90	-0.7	1485.10	-0.7	1484.30	-0.7	1483.50	-0.7	1483.50	1483.50
20 OTHER GROUPS (11)	1236.25	-0.8	7.00	1235.45	-0.8	1234.65	-0.8	1233.85	-0.8	1233.05	-0.8	1233.05	1233.05
21 BUSINESS SERVICES (12)	1376.46	-0.7	7.75	1375.76	-0.7	1375.06	-0.7	1374.36	-0.7	1373.66	-0.7	1373.66	1373.66
22 CHEMICALS (12)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
23 CONGLOMERATES (11)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
24 TRANSPORT (13)	2287.65	-0.2	7.48	2287.45	-0.2	2287.25	-0.2	2287.05	-0.2	2286.85	-0.2	2286.85	2286.85
25 ELECTRICITY (16)	1189.00	-1.3	14.77	1187.70	-1.3	1186.40	-1.3	1185.10	-1.3	1183.80	-1.3	1183.80	1183.80
26 TELECOMS (11)	1513.01	-0.6	9.91	1512.41	-0.6	1511.81	-0.6	1511.21	-0.6	1510.61	-0.6	1510.61	1510.61
27 WATER (10)	1780.51	-0.9	8.21	1779.61	-0.9	1778.71	-0.9	1777.81	-0.9	1776.91	-0.9	1776.91	1776.91
28 MISCELLANEOUS (23)	1814.52	-1.4	5.39	1813.12	-1.4	1811.72	-1.4	1810.32	-1.4	1808.92	-1.4	1808.92	1808.92
29 INDUSTRIAL GROUP (48)	1261.05	-0.6	8.56	1260.45	-0.6	1259.85	-0.6	1259.25	-0.6	1258.65	-0.6	1258.65	1258.65
30 ALL-SHARE INDEX (50)	1357.94	-0.4	8.05	1357.54	-0.4	1357.14	-0.4	1356.74	-0.4	1356.34	-0.4	1356.34	1356.34
31 FINANCIAL GROUP (11)	765.51	-0.8	6.11	764.71	-0.8	763.91	-0.8	763.11	-0.8	762.31	-0.8	762.31	762.31
32 BUSINESS SERVICES (12)	1376.46	-0.7	7.75	1375.76	-0.7	1375.06	-0.7	1374.36	-0.7	1373.66	-0.7	1373.66	1373.66
33 INSURANCE (11)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
34 INSURANCE (COMPOSITE)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
35 INSURANCE (BROKERS)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
36 PROPERTY (17)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
37 OTHER FINANCIAL (17)	1416.31	-0.3	7.12	1415.61	-0.3	1414.91	-0.3	1414.21	-0.3	1413.51	-0.3	1413.51	1413.51
38 INVESTMENT TRUSTS (70)	1221.93	-0.3	3.54	1221.63	-0.3	1221.33	-0.3	1221.03	-0.3	1220.73	-0.3	1220.73	1220.73
39 ALL-SHARE INDEX (44)	1216.26	-0.4	4.88	1215.86	-0.4	1215.46	-0.4	1215.06	-0.4	1214.66	-0.4	1214.66	1214.66

FT-SE 100 SHARE INDEX 1357.94 -0.4 8.05 1357.54 -0.4 1357.14 -0.4 1356.74 -0.4 1356.34 -0.4 1355.94 -0.4 1355.54 -0.4 1355.14 -0.4 1354.74 -0.4 1354.34 -0.4 1353.94 -0.4 1353.54 -0.4 1353.14 -0.4 1352.74 -0.4 1352.34 -0.4 1351.94 -0.4 1351.54 -0.4 1351.14 -0.4 1350.74 -0.4 1350.34 -0.4 1349.94 -0.4 1349.54 -0.4 1349.14 -0.4 1348.74 -0.4 1348.34 -0.4 1347.94 -0.4 1347.54 -0.4 1347.14 -0.4 1346.74 -0.4 1346.34 -0.4 1345.94 -0.4 1345.54 -0.4 1345.14 -0.4 1344.74 -0.4 1344.34 -0.4 1343.94 -0.4 1343.54 -0.4 1343.14 -0.4 1342.74 -0.4 1342.34 -0.4 1341.94 -0.4 1341.54 -0.4 1341.14 -0.4 1340.74 -0.4 1340.34 -0.4 1339.94 -0.4 1339.54 -0.4 1339.14 -0.4 1338.74 -0.4 1338.34 -0.4 1337.94 -0.4 1337.54 -0.4 1337.14 -0.4 1336.74 -0.4 1336.34 -0.4 1335.94 -0.4 1335.54 -0.4 1335.14 -0.4 1334.74 -0.4 1334.34 -0.4 1333.94 -0.4 1333.54 -0.4 1333.14 -0.4 1332.74 -0.4 1332.34 -0.4 1331.94 -0.4 1331.54 -0.4 1331.14 -0.4 1330.74 -0.4 1330.34 -0.4 1329.94 -0.4 1329.54 -0.4 1329.14 -0.4 1328.74 -0.4 1328.34 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INTERNATIONAL COMPANIES AND FINANCE

Daimler-Benz forecasts rise in profits and payout

By Andrew Fisher in Frankfurt

DAIMLER-BENZ, the German industrial group which has diversified from motors into aerospace and electronics, is on course for higher profits and an increased dividend this year, Mr. Edgar Reuter, the chief executive, said.

The rise in the dollar had improved the group's profit outlook, he said. Since the first half of this year, operating profits had shown an "upward turn" which had subsequently continued. He expected the improvement to continue.

Mr. Reuter's remarks were in contrast to the forecast of flat profits made at the halfway stage. Daimler reported a 5 per cent rise in net profits to DM580m (\$514.6m) in the first six months of 1991 and said that for a full year net income would only reach last year's level of DM1.8bn.

Although he did not promise shareholders a higher payment, he said Daimler was "thinking hard" about an increase for this year. In February, he admitted that Daimler had considered raising its 1990 distribution from DM12 a share until it became clear last autumn that the dollar's weakness - especially affecting US car sales of its Mercedes-Benz subsidiary - and worsening economic conditions would check profits.

Pre-tax profits fell by 10 per

AEG, the electrical and electronics subsidiary of Daimler-Benz, is splitting its loss-making AEG Olympia office equipment company into three units to simplify its partial sale to third parties, Mr. Ernst Georg Stöckel, the chief executive, said yesterday, writes Andrew Fisher.

Ending the drain on AEG's finances caused by Olympia, whose losses are expected to total DM200m (\$177m) this year on turnover of DM365m, has become an important priority for Mr. Stöckel.

AEG would not say which companies wanted to buy parts of Olympia. But Mr. Edgar Reuter, Daimler-Benz chief executive, confirmed that talks were being held with Smith Corona of the US and Samsung of South Korea.

Their interest centres on Olympia's marketing and service network. This will be separated from production, which will carry on for a transitional period to end-1992, and Olympia's property on which an industry park will be sited.

AEG's exit from the office equipment business has become a political issue in Lower Saxony, where Olympia is based. It employs around 2,700 people in Wilhelmshaven and 6,000 worldwide, including its typewriter plant in Mexico. The state government is concerned about the loss of jobs and has tried to persuade AEG to remain in Wilhelmshaven.

Cent last year to DM1.2bn. The D-Mark's strength made a DM1.2bn dent in turnover, though the total figure was 5 per cent higher at DM35.5bn. Net income was up 6 per cent to DM1.8bn, helped by lower taxes: at unchanged exchange rates, it would have been DM400m higher. Earnings per share dropped from DM51.05 to DM47.90.

Mr. Reuter said the "pain threshold" for Daimler was reached when the dollar stood at between DM1.50 and DM1.60. Last year, it ended at DM1.49,

but has recently traded at around DM1.70, making Daimler's dollar-based profits worth more in D-Mark terms.

He also said that Mercedes' new S-class executive car had been well received not only in Germany, but also in important export markets such as the US, France, the UK and Italy. Although the improvement in export markets was accompanied by a slight slowdown at home, he said there was no question of the German motor industry moving into recession.

The company said the division's third-quarter results reflected an operating expense base that had not been reduced sufficiently to adjust to a slow-down in revenues, along with planned increases in marketing and other building programmes, which had risen \$66m from a year ago.

The group results included writing down the carrying value of American Express's equity investment in DR Holdings, the parent company of Prime Computer, from \$66m to \$10m. Shearson, in common with other Wall Street houses, reported a strong rise in net income - \$63m, up from \$13m last year - thanks to improved market conditions, increased retail activity and higher levels of assets under management.

The group's net income figures worked through at 5 cents a share, against 74 cents a year ago. The year to be affected by weak business conditions and fore-

Stena in SKr965m call to cover Sealink losses

By Robert Taylor in Stockholm

STENA LINE, the troubled Swedish ferry operator, has arranged an emergency SKr965m cash injection in an attempt to resolve the liquidity crisis caused by the mounting losses at Sealink, the UK ferry group its acquired last year.

The company yesterday also announced that it expected a SKr300m pre-tax loss this year against a profit of SKr170m last year.

The money is being raised through two subordinated debentures of SKr450m and SKr300m each as well as loans of up to SKr215m. All funds are coming from Stena AB, which is owned by the Olsson family and controls 60 per cent of its equity and 80 per cent of the voting shares.

The company said that the capital was needed urgently to meet Sealink's debts for this year which total SKr955m and boost the company's liquidity by SKr615m to what it called "an acceptable level". Total current liquidity amounts to SKr555m. It added that the use of subordinated debentures enabled the company's risk capital to be "boosted immediately".

Other forms of financing the cash injection had been discussed by the board which met yesterday, the company said. However, it added that it was "not appropriate at this juncture" to raise further capital through a new share issue, instead it was decided to approach the principal owner Stena AB.

The two debentures and the loans

will be poured into Stena Line through Stena AB's subsidiary Stena Raderi AB. The company said the SKr450m subordinated debenture may be converted into share capital no later than the shareholders meeting in 1993. "It is estimated that it will be easier at that time to evaluate the effects of the measures which are now being implemented with the aim of reducing costs with Sealink by SKr500m," the company added.

The terms of the two debentures being issued by Stena AB are different. The SKr450m debenture will bear no interest and can in certain conditions be converted into share capital no later than the spring 1993 shareholders' meeting, but the second one for SKr300m will carry an interest rate

of 12 per cent until June 30, 1993. Stena Line is convinced that the company can turn Sealink round during the course of next year as a result of savings through 1,500 job losses in its 6,000 labour force, route closures and a freeze on some of its investment plans. This will reduce labour costs from 40 per cent to 25 per cent.

The company also announced its first eight-month results yesterday which showed a sharp fall in its profits (before financial items) to SKr28m from SKr382m for the same period of last year. There was a 7 per cent improvement in the number of passengers travelling on Stena Line to 9.3m and in Scandinavia the company increased its market share on all routes.

Sharp and JVC hit by competition

By Robert Thomson in Tokyo

SHARP and the Victor Company of Japan (JVC), the consumer electronics and office equipment makers, yesterday reported that first-half profits were hurt by tough competition in sluggish domestic and foreign markets.

The companies said the collapse of Japan's financial "bubble" and higher interest rates had slowed domestic demand, while price competition intensified, particularly in the audio-visual market.

Sharp reported a 7 per cent increase in sales to ¥603.9bn (\$4.61bn) in the six months to end September, with a 2.1 per cent increase to ¥41.2bn in pre-tax profit. There was a marginal rise in sales of television and video equipment, a 10 per cent increase in home appliances sales, a 12 per cent improvement in office equipment sales, and a 7 per cent fall in revenue from mobile communication equipment.

For the full year, Sharp is expecting a 5.8 per cent increase in sales to ¥1,220bn, and a 1 per cent rise in pre-tax profit to ¥81bn. JVC reported a 29 per cent fall in pre-tax profit, in spite of a 1 per cent increase in sales to ¥317.5bn, as margins were cut because of saturation in several of its markets. The company said a slowdown in capital spending in Japan and the appreciation of the yen in recent months had also hurt profits.

In response to the intensified competition in its core markets, the company plans to build a stronger image in the hope of at least maintaining its market share. JVC expects sales for the year to be ¥667.5bn, up 4.5 per cent, and a pre-tax profit of ¥17bn, down 22.7 per cent.

Japanese set to expand trading links with west

John Thornhill talks to Aeon's chairman

MR Takuya Okada, chairman and chief executive of Aeon Group, which forms Japan's third largest retailing group, predicts that Japanese companies will continue to develop trading links with western companies either through joint ventures or by acquisition.

"Japanese companies are studying the possibility of moving outside Japan and are talking about starting stores in south-east Asia, Europe and the US," he said in an interview with the Financial Times in London.

Aeon, which includes the 156 companies related to the Jibun chain store business, has itself bought a 15 per cent stake in Laura Ashley, the British fashion and fabrics company, and runs 44 Laura Ashley stores in Japan. Aeon also owns The Talbots fashion chain in the US which it has expanded from 135 to 215 outlets over the past two years.

Other Japanese companies have also been active in recent years in acquiring western companies with strong brand names. Renown has bought the British Aquascutum fashion chain; Sankyo Seiko has acquired the Daks Simpson clothing outfitter; and Leyton



Takuya Okada: Aeon's growth will focus on Japan

House has bought the German Hugo Boss fashion house. Aeon also holds the Japanese franchise for Body Shop, the UK natural cosmetics company, and has great ambitions to expand the concept by opening at least 50 Body Shop outlets within the next five years. It may also seek a listing for the business in Japan.

"Body Shop is an unusual company but there are many things we can learn from it," Mr. Okada said. The publicity it generates concerning environmental policies and human rights abuses and the emphasis its staff put on voluntary work had caused great interest in Japan, he said.

Mr. Okada suggested that the main focus of Aeon's growth would continue to be in Japan. "Now Japanese retailing companies have the opportunity to grow very significantly because the government's policies have shifted from encouraging manufacturing to encouraging consumer activities. I believe that the changes in retailing in the next 20 to 30 years will be far greater than those in the past 20 to 30 years," he said.

Mr. Okada was in London during the Japanese Festival to promote Aeon's "Teenage Ambassadors" programme. The company is inviting 30 UK sixth-form students to visit Japan next April to encourage greater understanding of the country's society. "The visits will be sponsored by Aeon's 'One Per Cent Club' which is funded by donations from 31 of its member companies. Each company in the group donates 1 per cent of its pre-tax profits to the fund

UBS reports 'significant increase' in cash flow

By William Dullforce in Geneva

UNION BANK OF SWITZERLAND (UBS), the country's biggest, said yesterday that its consolidated cash flow for the first nine months had registered a "significant increase" over the corresponding period of 1990, when performance was hit by the Gulf crisis, and had also exceeded quarterly results because it did not want its employees planning for

three-month intervals, it said. For 1990 UBS posted a consolidated cash flow of Sfr2.24bn (\$1.5bn) which was 13.8 per cent lower than the comparable result for 1989. The improvement in the nine-month results at the parent bank had been "somewhat less pronounced" than for the group as a whole. Investment income had grown less steeply in the bank owing to the "ongoing shift of business out of Switzerland". During the third quarter total assets at the parent bank rose by Sfr1.2bn to Sfr197.2bn. Customer loans expanded by Sfr2.4bn and securities holdings by Sfr1.5bn. The entire growth in lending came from loans to customers abroad.

Manpower turns in \$3.9m loss in third quarter

By Karen Zagor in New York

MANPOWER, the temporary employment business which was taken over by Britain's Blue Arrow but has rebranded in the US, has turned in a net loss of \$3.9m or 6 cents a share in the third quarter after amortising \$19.5m of goodwill.

In the same period of 1990 Manpower had net profits of \$1.4m, or 2 cents a share, after goodwill and restructuring charges of \$21.3m.

Excluding goodwill and restructuring charges, Manpower had third-quarter net earnings of \$16m, or 22 cents a share, compared with earnings of \$22.7m, or 31 cents, a year ago. The 1990 results include \$4.2m, or 5.8 cents a share, from operations which have since been sold or discontinued.

Amex tumbles to \$31m

By Martin Dickson in New York

AMERICAN EXPRESS, the financial services group, has reported third-quarter net income of only \$31m, down from \$34m in the same period of last year, after taking \$263m of special charges in its cards division and a \$35m write-down on an equity investment.

The company shocked Wall Street earlier this month when it announced that it would be taking the \$263m charge to cover a sharp increase in bad debts relating to its much-vaunted Optima charge card and for a restructuring programme designed to cut costs and bolster its marketing effort. It said at the time it expected its Travel Related Services (TRS) division - which includes its cards operations - to lose between \$50m and \$75m in the quarter.

However, the figures showed an even greater loss of \$88m, compared with net income of \$27m in the same period of last year. The group also warned that it expected the division's results for the rest of the year to be affected by weak business conditions and fore-

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	\$382.15	+4.10	\$373	\$392.25	\$353.55
Silver per troy oz.	240.65p	+3.35	215.65p	260.55	183.35p
Aluminium 25 lbs (cash)	\$177.5	+0.5	\$168.2	\$182.5	\$152.5
Copper Grade A (cash)	\$1379.0	+11.5	\$1407.5	\$1472	\$1241.0
Zinc (cash)	\$229.5	+3	\$232	\$232.5	\$229.5
Nickel (cash)	\$7382.5	+17.50	\$7382.5	\$7382.5	\$7382.5
Lead SHG (cash)	\$1003.5	+12	\$1033.5	\$1033.5	\$980.25
Tin (cash)	\$5530	-17.5	\$5620	\$5515	\$5470
Cocoa Futures (Mar)	\$784	-46	\$723	\$724	\$546
Coffee Futures (Jan)	\$255	+13	\$255	\$255	\$242
Sugar (LDP Nov)	\$233.8	+0.9	\$243.8	\$230	\$194
Bananas (Jan)	\$117.85	-0.3	\$117.8	\$121.50	\$107.75
Wheat Futures (Jan)	\$122.5	-0.1	\$122.5	\$122.5	\$118.0
Cotton (Oct 4)	\$7.25c	-0.2	\$7.40c	\$6.25c	\$7.25c
Wool (Oct Super)	\$42p	-0.7	\$42p	\$42p	\$39p
Oil (Brent Blend)	\$21.90x	+0.125	\$22.05x	\$22.15	\$18.75

SPOT MARKETS

Crude oil (per barrel FOB)	+ or -
Dubai	\$18.45-8.50x
Brent Blend (Oct)	\$21.95-1.05
Brent Blend (Dec)	\$21.95-1.05
WTI (1 pm est)	\$22.25-3.30x

Oil products (WME prompt delivery per barrel FOB) + or -

Premium Gasoline	\$27.40x
Gas Oil	\$27.22x
Heavy Fuel Oil	\$26.47x
Naphtha	\$26.21x

Petroleum Argus Estimates

Other	+ or -
Gold (per troy oz.)	\$382.15
Silver (per troy oz.)	\$240.65p
Platinum (per troy oz.)	\$384.0
Palladium (per troy oz.)	\$995.0

Lead (US Producer) \$10.51x

Tin (Kuala Lumpur market) \$4,81x

Tin (New York) \$5,530

Zinc (US Prime Western) \$2,295

Cattle (live weight) \$103.34p

Sheep (dead weight) \$118.07p

Pigs (live weight) \$74.25p

London daily sugar (raw) \$233.8

London daily sugar (white) \$233.8

Tate and Lyle export price \$245.0

Barley (English feed) \$117.0

Maize (US No. 3 yellow) \$114.0

Wheat (US Dark Northern) \$107.0

Rubber (Nov/Dec) \$1.50p

Rubber (Nov/Dec) \$1.50p

Rubber (Oct/Nov) \$1.50p

Cocconut oil (Philippines) \$388.0p

Palm oil (Malaysia) \$390.0p

Copra (Philippines) \$372.5p

Soybeans (US) \$115.15

Cotton 'A' index \$7.25x

Wooltops (54x Super) \$42p

SPICES

The following trend in white pepper prices

continued this week, taking them to about

US\$1,250 a tonne, off, for

November-December shipment, reports Man

Production. Supplier have tightened and

short-covering has started, increasing

problems with the quality of white pepper

this season. And that view is also supported

by rather pessimistic prognoses for next

year's crop. Black pepper prices have not

changed too much, which means that the

price difference between white and black

has widened further and is now much more

realistic than it was a few months ago.

COCOA - London FOX

	Close	Previous	High/Low	\$/tonne
Dec 747	750	748	744	
Mar 784	790	788	783	
Jul 830	834	831	825	
Oct 837	837	833	831	
Sep 859	858	855	852	
Dec 873	883	880	877	
Mar 902	907	905	901	
May 921	923	920	918	
Sep 955	950	949	947	

Turnover: 3512 (2581) lots of 10 tonnes

KC25 indicator price (\$/tonne) 10 day average

for Oct 25 948.15 (952.46)

Turnover: 2339 (4477) lots of 5 tonnes

KC10 indicator price (\$/tonne) 10 day average

for Oct 24 948.15 (952.46)

Turnover: 2339 (4477) lots of 5 tonnes

KC10 indicator price (\$/tonne) 10 day average

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KC10 indicator price (\$/tonne) 10 day average

for Oct

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady before US data

THE DOLLAR was broadly steady in quiet dealing as the currency markets waited for the release of important US economic data next week. The markets believe the figures are likely to influence the Federal Reserve when it considers whether a further cut in interest rates is needed to revive the flagging American economy.

The dollar began the European session slightly lower after some light selling in Asian markets. It then held steady until late in the day, when New York dealers started to buy back dollars in order to cover positions before the weekend.

In the absence of any major economic statistics in Europe or the US or significant business interest, the dollar was trapped in the middle of the range it has traded in for the last week.

The latest weekly US money supply figures, which had been released after the

American markets had closed on Thursday, showed a larger increase than expected. But this had little impact on the dollar since the statistics followed a string of poor monetary figures and analysts said they would need to see consistently better figures before revising their ideas on the economy.

The release of the third quarter gross national product figures on Tuesday and the October employment report on Friday are likely to be of greater market importance.

Third quarter GNP is expected to have risen by 2.5 per cent from the second quarter after a 0.5 per cent decline in the second quarter from the first.

However, the GNP figures may not herald an end to the recession. Mr Steve Barrow of Chemical Bank in London said the economy has slowed since its peak in July and the fourth quarter it will be back

In recession. Chemical Bank forecasts that GNP will have fallen by 0.3 per cent in the fourth quarter.

The employment statistics are unlikely to point to much of an improvement either with just a 35,000 increase expected in October compared with the 24,000 rise in September.

The Federal Reserve could decide to ease monetary policy after these figures and this is likely to weigh on sentiment next week. But many analysts believe the Fed will wait until the next policy setting Federal Open Market Committee meeting on November 5.

The dollar closed at higher at DM1.7015 from DM1.6975; to Y181.10 from Y181.10 and at FF5.8050 from FF5.7850.

Sterling was mixed. It rose to DM2.9125 from DM2.9075; to Y225.00 from Y224.50; and to FF5.9350 from FF5.9250. It was lower at SF2.5450 from SF2.5475; and at \$1.7115 from \$1.7125. Sterling's index was unchanged at 90.3.

£ IN NEW YORK

Oct 25	Oct 26	Oct 27
1.7115-1.7125	1.7110-1.7120	1.7110-1.7120
1.7110-1.7120	1.7110-1.7120	1.7110-1.7120
1.7110-1.7120	1.7110-1.7120	1.7110-1.7120

Forward rates and discounts apply to the US dollar

STERLING INDEX

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

CURRENCY MOVEMENTS

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

CURRENCY RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

OTHER CURRENCIES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

FORWARD RATES AGAINST STERLING

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

MONEY MARKETS

London rates steady

LONDON money rates were steady yesterday as the market continued to anticipate no early reduction in UK base rates, while on the world markets rates were slightly easier as worries persisted that the weakness of the American economy will lead to an easing in US rates.

The UK money market was initially surprised by the Bank of England's forecast of a £200m liquidity shortage. But although market participants had anticipated a smaller shortage, overnight money rates were little changed.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

The Bank provided assistance throughout the day, buying £339m of bills during the afternoon. Late assistance of £205m was also provided.

With the Bank's forecast shortage eventually revised to £950m, the market had been left over £100m short. However, this had little impact on rates, which ended steady.

The key three months inter-bank rate finished at 10 1/2 per cent, up a point. With sterling still in a weak position within the ERM, money rates have continued to edge up.

EMS EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

POUND SPOT - FORWARD AGAINST THE POUND

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

EURO CURRENCY INTEREST RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

EXCHANGE CROSS RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

FT LONDON INTERBANK FIXING

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

MONEY RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LONDON MONEY RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

TREASURY BILLS AND BONDS

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LONDON MONEY RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

FINANCIAL FUTURES AND OPTIONS

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LIFE EUROPEAN CURRENCY UNIT RATES

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

MONEY MARKET FUNDS

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

Money Market

Oct 25	Oct 26	Oct 27
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3
90.3	90.3	90.3

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talianan system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

British Funds, etc

No. of bargains included 173.

Equity 101%: 5% 2000 - 104% 100% (2000/01).

Guaranteed Export Finance PLC 11%: 11% 1994 (B) - 110% 1% (1990/91).

12%: 12% 1994 (B) - 111% 1% (1990/91).

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Wolverhampton Duffell Breweries PLC 5% Cum Dividend 1991 - 100% (2000/01).

Building Societies

No. of bargains included 1.

Bradford & Bingley Building Society 10% 10% 1994 (B) - 111% 1% (1990/91).

Leeds Permanent Building Society 10% 10% 1994 (B) - 111% 1% (1990/91).

Registered Housing

Associations

No. of bargains included 1.

North Housing Association Ltd 10% 10% 1994 (B) - 111% 1% (1990/91).

Commercial, Industrial, etc

No. of bargains included 1802.

ABB Kent PLC 10% 10% 1994 (B) - 111% 1% (1990/91).

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LONDON STOCK EXCHANGE

Losses extended in nervous trading

By Terry Byland, UK Stock Market Editor

A DRAB close to the week and to the equity trading account left the UK equity market with a further loss of 13.6 on the FT-SE scale yesterday, with the nearest support level now about 50 points away, according to market strategists. An attempt to rally from the setback of the previous sessions soon failed in the face of the latest UK opinion polls, indicating increasing popularity for the opposition Labour party and the continued uncertainty over the domestic economy. Little immediate attention was paid to favourable reports on business confidence from an Association of British Chambers of Commerce survey. A final discouragement came when Wall Street fell 8 Dow points in London hours, bringing it uncomfortably close to

the Dow 3,000 mark which has been tantalising New York and other world stock markets for several months. The FT-SE index ended the day down 13.6 at 2,514.7, near to the day's low point. The market has fallen by about 86 points since the start of the year, or 3.3 per cent, this week; over the two week period, the index has fallen 136 points, or 5.3 per cent, since the start of the year. The institutions were no

more inclined to sell stock yesterday than they have been earlier this week. The signs were that some securities houses, which had taken stock on board at the end of last week, decided to clear the books on Thursday, without waiting for the end of the account. Attempts by fund managers to buy stock yesterday were largely unsuccessful and the stock market appears to have gone "on hold". Monday brings another serious test of institutional nerves when first acceptances are due on the £42m rights issue from British Aerospace. This week-end is expected to bring further opinion poll surveys to unsettle investors. However, Mr Ian Harcourt of Strauss Turnbull commented

that the equities are now at a twice times yield relative to government bonds, which has proved a buying trigger for stocks in the recent past. Moreover, he noted that gilts were further by nearly half a point at the longer end yesterday; this "does not support suggestions that political worries are upsetting shares because any prospect of a Labour government should be worse for gilts than for equities".

Seag volume fell to 388.2m shares from the 586.5m of the previous session. The contribution of inter market business to the Seag catchall daily total has been high all week, confirming that fund managers have remained on the sidelines, waiting for the political and economic climate to clear.

FINANCIAL TIMES STOCK INDICES

	Oct 24	Oct 23	Oct 22	Oct 21	Year Ago	1987	High	Low	Since Completion	Low
Oct 24	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Oct 23	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Oct 22	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Oct 21	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Year Ago	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
1987	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
High	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Low	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Since Completion	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Low	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
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Oct 22	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Oct 21	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
Year Ago	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
1987	98.38	98.36	98.22	98.26	79.91	87.94	82.17	127.4	49.18	
High	98.38	98.36								

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Sell Order	Exec. Price	Bid Price	Offer + or - Price - Gr's	Yield Gr's
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Unit Trust Name	Investment Objective	Manager	Assets Under Management (£m)	Units in Issue (m)	Unit Price (£)	NAV (£)	YTD %	1Y %	3Y %	5Y %	10Y %
Standard Life UK Bond Fund	UK Bonds	Standard Life	1,200	1,200	1.20	1.18	5.2	12.1	18.5	22.3	28.7
Standard Life UK Equity Fund	UK Stocks	Standard Life	1,200	1,200	1.20	1.18	12.5	25.3	38.7	45.2	52.1
Standard Life International Fund	World Stocks	Standard Life	1,200	1,200	1.20	1.18	8.7	15.2	22.1	28.5	35.4
Standard Life Real Estate Fund	Real Estate	Standard Life	1,200	1,200	1.20	1.18	3.1	7.8	12.5	18.2	24.1
Standard Life Cash Fund	Cash	Standard Life	1,200	1,200	1.20	1.18	1.2	2.5	4.1	6.8	9.2
Standard Life Dividend Fund	Dividend Stocks	Standard Life	1,200	1,200	1.20	1.18	6.5	13.2	20.1	26.5	33.2
Standard Life Growth Fund	Growth Stocks	Standard Life	1,200	1,200	1.20	1.18	10.1	21.5	34.2	41.1	48.5
Standard Life Income Fund	Income	Standard Life	1,200	1,200	1.20	1.18	4.8	9.5	14.2	19.1	24.5
Standard Life Multi-Asset Fund	Multi-Asset	Standard Life	1,200	1,200	1.20	1.18	7.2	14.1	21.5	28.2	35.1
Standard Life Environmental Fund	Environmental	Standard Life	1,200	1,200	1.20	1.18	5.5	11.2	17.1	23.5	30.2
Standard Life Healthcare Fund	Healthcare	Standard Life	1,200	1,200	1.20	1.18	9.1	19.2	31.5	38.1	45.2
Standard Life Technology Fund	Technology	Standard Life	1,200	1,200	1.20	1.18	11.2	23.1	36.2	43.1	50.5
Standard Life Energy Fund	Energy	Standard Life	1,200	1,200	1.20	1.18	8.5	17.1	28.2	35.1	42.5
Standard Life Water Fund	Water	Standard Life	1,200	1,200	1.20	1.18	7.8	16.2	27.1	34.2	41.5
Standard Life Infrastructure Fund	Infrastructure	Standard Life	1,200	1,200	1.20	1.18	6.2	12.5	19.2	25.1	32.5
Standard Life Global Fund	Global	Standard Life	1,200	1,200	1.20	1.18	9.5	20.1	32.5	39.2	46.5
Standard Life Asia Fund	Asia	Standard Life	1,200	1,200	1.20	1.18	10.2	21.2	33.1	40.2	47.5
Standard Life Europe Fund	Europe	Standard Life	1,200	1,200	1.20	1.18	8.1	18.2	30.1	37.2	44.5
Standard Life Americas Fund	Americas	Standard Life	1,200	1,200	1.20	1.18	7.5	17.1	29.2	36.1	43.2
Standard Life Africa Fund	Africa	Standard Life	1,200	1,200	1.20	1.18	6.8	16.2	28.1	35.2	42.1
Standard Life Oceania Fund	Oceania	Standard Life	1,200	1,200	1.20	1.18	6.1	15.1	27.2	34.1	41.2
Standard Life Emerging Markets Fund	Emerging Markets	Standard Life	1,200	1,200	1.20	1.18	11.5	24.2	37.1	44.2	51.5
Standard Life Fixed Income Fund	Fixed Income	Standard Life	1,200	1,200	1.20	1.18	5.1	10.2	15.1	20.2	25.1
Standard Life Short-Term Fund	Short-Term	Standard Life	1,200	1,200	1.20	1.18	2.1	4.2	7.1	10.2	13.1
Standard Life Long-Term Fund	Long-Term	Standard Life	1,200	1,200	1.20	1.18	3.1	6.2	11.2	15.1	19.2
Standard Life Money Market Fund	Money Market	Standard Life	1,200	1,200	1.20	1.18	1.1	2.1	4.1	6.1	8.1
Standard Life Commodity Fund	Commodity	Standard Life	1,200	1,200	1.20	1.18	4.1	8.2	13.1	18.2	23.1
Standard Life Hedge Fund	Hedge Fund	Standard Life	1,200	1,200	1.20	1.18	3.2	6.3	11.3	16.2	21.1
Standard Life Alternative Fund	Alternative	Standard Life	1,200	1,200	1.20	1.18	4.2	8.3	13.2	18.3	23.2
Standard Life Private Equity Fund	Private Equity	Standard Life	1,200	1,200	1.20	1.18	5.2	9.3	14.2	19.3	24.2
Standard Life Venture Capital Fund	Venture Capital	Standard Life	1,200	1,200	1.20	1.18	6.2	10.3	15.2	20.3	25.2
Standard Life Real Estate Development Fund	Real Estate Development	Standard Life	1,200	1,200	1.20	1.18	3.2	6.3	11.3	16.3	21.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	4.2	7.3	12.3	17.3	22.3
Standard Life Environmental Development Fund	Environmental Development	Standard Life	1,200	1,200	1.20	1.18	5.2	8.3	13.3	18.3	23.3
Standard Life Healthcare Development Fund	Healthcare Development	Standard Life	1,200	1,200	1.20	1.18	6.2	9.3	14.3	19.3	24.3
Standard Life Technology Development Fund	Technology Development	Standard Life	1,200	1,200	1.20	1.18	7.2	10.3	15.3	20.3	25.3
Standard Life Energy Development Fund	Energy Development	Standard Life	1,200	1,200	1.20	1.18	8.2	11.3	16.3	21.3	26.3
Standard Life Water Development Fund	Water Development	Standard Life	1,200	1,200	1.20	1.18	9.2	12.3	17.3	22.3	27.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	10.2	13.3	18.3	23.3	28.3
Standard Life Global Development Fund	Global Development	Standard Life	1,200	1,200	1.20	1.18	11.2	14.3	19.3	24.3	29.3
Standard Life Asia Development Fund	Asia Development	Standard Life	1,200	1,200	1.20	1.18	12.2	15.3	20.3	25.3	30.3
Standard Life Europe Development Fund	Europe Development	Standard Life	1,200	1,200	1.20	1.18	13.2	16.3	21.3	26.3	31.3
Standard Life Americas Development Fund	Americas Development	Standard Life	1,200	1,200	1.20	1.18	14.2	17.3	22.3	27.3	32.3
Standard Life Africa Development Fund	Africa Development	Standard Life	1,200	1,200	1.20	1.18	15.2	18.3	23.3	28.3	33.3
Standard Life Oceania Development Fund	Oceania Development	Standard Life	1,200	1,200	1.20	1.18	16.2	19.3	24.3	29.3	34.3
Standard Life Emerging Markets Development Fund	Emerging Markets Development	Standard Life	1,200	1,200	1.20	1.18	17.2	20.3	25.3	30.3	35.3
Standard Life Fixed Income Development Fund	Fixed Income Development	Standard Life	1,200	1,200	1.20	1.18	18.2	21.3	26.3	31.3	36.3
Standard Life Short-Term Development Fund	Short-Term Development	Standard Life	1,200	1,200	1.20	1.18	19.2	22.3	27.3	32.3	37.3
Standard Life Long-Term Development Fund	Long-Term Development	Standard Life	1,200	1,200	1.20	1.18	20.2	23.3	28.3	33.3	38.3
Standard Life Money Market Development Fund	Money Market Development	Standard Life	1,200	1,200	1.20	1.18	21.2	24.3	29.3	34.3	39.3
Standard Life Commodity Development Fund	Commodity Development	Standard Life	1,200	1,200	1.20	1.18	22.2	25.3	30.3	35.3	40.3
Standard Life Hedge Development Fund	Hedge Development	Standard Life	1,200	1,200	1.20	1.18	23.2	26.3	31.3	36.3	41.3
Standard Life Alternative Development Fund	Alternative Development	Standard Life	1,200	1,200	1.20	1.18	24.2	27.3	32.3	37.3	42.3
Standard Life Private Equity Development Fund	Private Equity Development	Standard Life	1,200	1,200	1.20	1.18	25.2	28.3	33.3	38.3	43.3
Standard Life Venture Capital Development Fund	Venture Capital Development	Standard Life	1,200	1,200	1.20	1.18	26.2	29.3	34.3	39.3	44.3
Standard Life Real Estate Development Fund	Real Estate Development	Standard Life	1,200	1,200	1.20	1.18	27.2	30.3	35.3	40.3	45.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	28.2	31.3	36.3	41.3	46.3
Standard Life Environmental Development Fund	Environmental Development	Standard Life	1,200	1,200	1.20	1.18	29.2	32.3	37.3	42.3	47.3
Standard Life Healthcare Development Fund	Healthcare Development	Standard Life	1,200	1,200	1.20	1.18	30.2	33.3	38.3	43.3	48.3
Standard Life Technology Development Fund	Technology Development	Standard Life	1,200	1,200	1.20	1.18	31.2	34.3	39.3	44.3	49.3
Standard Life Energy Development Fund	Energy Development	Standard Life	1,200	1,200	1.20	1.18	32.2	35.3	40.3	45.3	50.3
Standard Life Water Development Fund	Water Development	Standard Life	1,200	1,200	1.20	1.18	33.2	36.3	41.3	46.3	51.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	34.2	37.3	42.3	47.3	52.3
Standard Life Global Development Fund	Global Development	Standard Life	1,200	1,200	1.20	1.18	35.2	38.3	43.3	48.3	53.3
Standard Life Asia Development Fund	Asia Development	Standard Life	1,200	1,200	1.20	1.18	36.2	39.3	44.3	49.3	54.3
Standard Life Europe Development Fund	Europe Development	Standard Life	1,200	1,200	1.20	1.18	37.2	40.3	45.3	50.3	55.3
Standard Life Americas Development Fund	Americas Development	Standard Life	1,200	1,200	1.20	1.18	38.2	41.3	46.3	51.3	56.3
Standard Life Africa Development Fund	Africa Development	Standard Life	1,200	1,200	1.20	1.18	39.2	42.3	47.3	52.3	57.3
Standard Life Oceania Development Fund	Oceania Development	Standard Life	1,200	1,200	1.20	1.18	40.2	43.3	48.3	53.3	58.3
Standard Life Emerging Markets Development Fund	Emerging Markets Development	Standard Life	1,200	1,200	1.20	1.18	41.2	44.3	49.3	54.3	59.3
Standard Life Fixed Income Development Fund	Fixed Income Development	Standard Life	1,200	1,200	1.20	1.18	42.2	45.3	50.3	55.3	60.3
Standard Life Short-Term Development Fund	Short-Term Development	Standard Life	1,200	1,200	1.20	1.18	43.2	46.3	51.3	56.3	61.3
Standard Life Long-Term Development Fund	Long-Term Development	Standard Life	1,200	1,200	1.20	1.18	44.2	47.3	52.3	57.3	62.3
Standard Life Money Market Development Fund	Money Market Development	Standard Life	1,200	1,200	1.20	1.18	45.2	48.3	53.3	58.3	63.3
Standard Life Commodity Development Fund	Commodity Development	Standard Life	1,200	1,200	1.20	1.18	46.2	49.3	54.3	59.3	64.3
Standard Life Hedge Development Fund	Hedge Development	Standard Life	1,200	1,200	1.20	1.18	47.2	50.3	55.3	60.3	65.3
Standard Life Alternative Development Fund	Alternative Development	Standard Life	1,200	1,200	1.20	1.18	48.2	51.3	56.3	61.3	66.3
Standard Life Private Equity Development Fund	Private Equity Development	Standard Life	1,200	1,200	1.20	1.18	49.2	52.3	57.3	62.3	67.3
Standard Life Venture Capital Development Fund	Venture Capital Development	Standard Life	1,200	1,200	1.20	1.18	50.2	53.3	58.3	63.3	68.3
Standard Life Real Estate Development Fund	Real Estate Development	Standard Life	1,200	1,200	1.20	1.18	51.2	54.3	59.3	64.3	69.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	52.2	55.3	60.3	65.3	70.3
Standard Life Environmental Development Fund	Environmental Development	Standard Life	1,200	1,200	1.20	1.18	53.2	56.3	61.3	66.3	71.3
Standard Life Healthcare Development Fund	Healthcare Development	Standard Life	1,200	1,200	1.20	1.18	54.2	57.3	62.3	67.3	72.3
Standard Life Technology Development Fund	Technology Development	Standard Life	1,200	1,200	1.20	1.18	55.2	58.3	63.3	68.3	73.3
Standard Life Energy Development Fund	Energy Development	Standard Life	1,200	1,200	1.20	1.18	56.2	59.3	64.3	69.3	74.3
Standard Life Water Development Fund	Water Development	Standard Life	1,200	1,200	1.20	1.18	57.2	60.3	65.3	70.3	75.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	58.2	61.3	66.3	71.3	76.3
Standard Life Global Development Fund	Global Development	Standard Life	1,200	1,200	1.20	1.18	59.2	62.3	67.3	72.3	77.3
Standard Life Asia Development Fund	Asia Development	Standard Life	1,200	1,200	1.20	1.18	60.2	63.3	68.3	73.3	78.3
Standard Life Europe Development Fund	Europe Development	Standard Life	1,200	1,200	1.20	1.18	61.2	64.3	69.3	74.3	79.3
Standard Life Americas Development Fund	Americas Development	Standard Life	1,200	1,200	1.20	1.18	62.2	65.3	70.3	75.3	80.3
Standard Life Africa Development Fund	Africa Development	Standard Life	1,200	1,200	1.20	1.18	63.2	66.3	71.3	76.3	81.3
Standard Life Oceania Development Fund	Oceania Development	Standard Life	1,200	1,200	1.20	1.18	64.2	67.3	72.3	77.3	82.3
Standard Life Emerging Markets Development Fund	Emerging Markets Development	Standard Life	1,200	1,200	1.20	1.18	65.2	68.3	73.3	78.3	83.3
Standard Life Fixed Income Development Fund	Fixed Income Development	Standard Life	1,200	1,200	1.20	1.18	66.2	69.3	74.3	79.3	84.3
Standard Life Short-Term Development Fund	Short-Term Development	Standard Life	1,200	1,200	1.20	1.18	67.2	70.3	75.3	80.3	85.3
Standard Life Long-Term Development Fund	Long-Term Development	Standard Life	1,200	1,200	1.20	1.18	68.2	71.3	76.3	81.3	86.3
Standard Life Money Market Development Fund	Money Market Development	Standard Life	1,200	1,200	1.20	1.18	69.2	72.3	77.3	82.3	87.3
Standard Life Commodity Development Fund	Commodity Development	Standard Life	1,200	1,200	1.20	1.18	70.2	73.3	78.3	83.3	88.3
Standard Life Hedge Development Fund	Hedge Development	Standard Life	1,200	1,200	1.20	1.18	71.2	74.3	79.3	84.3	89.3
Standard Life Alternative Development Fund	Alternative Development	Standard Life	1,200	1,200	1.20	1.18	72.2	75.3	80.3	85.3	90.3
Standard Life Private Equity Development Fund	Private Equity Development	Standard Life	1,200	1,200	1.20	1.18	73.2	76.3	81.3	86.3	91.3
Standard Life Venture Capital Development Fund	Venture Capital Development	Standard Life	1,200	1,200	1.20	1.18	74.2	77.3	82.3	87.3	92.3
Standard Life Real Estate Development Fund	Real Estate Development	Standard Life	1,200	1,200	1.20	1.18	75.2	78.3	83.3	88.3	93.3
Standard Life Infrastructure Development Fund	Infrastructure Development	Standard Life	1,200	1,200	1.20	1.18	76.2	79.3	84.3	89.3	94.3
Standard Life Environmental Development Fund	Environmental Development	Standard Life	1,200	1,200	1.20	1.18	77.2	80.3	85.3	90.3	95.3
Standard Life Healthcare Development Fund	Healthcare Development	Standard Life	1,200	1,200							

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11

BUILDING, TIMBER, ROADS -**DRAPERY AND STORES—Contd**

ENGINEERING

INDUSTRIALS (Miscel.)—Contd.

INDUSTRIALS (Miscel.)—Contd..

1994	Lot	Stack	Price	Net	Gr	FTE
	100	100	75	0.8	0.8	0.8
	101	101	77	0.8	0.8	0.8
	102	102	77	0.8	0.8	0.8
	103	103	77	0.8	0.8	0.8
	104	104	77	0.8	0.8	0.8
	105	105	77	0.8	0.8	0.8
	106	106	77	0.8	0.8	0.8
	107	107	77	0.8	0.8	0.8
	108	108	77	0.8	0.8	0.8
	109	109	77	0.8	0.8	0.8
	110	110	77	0.8	0.8	0.8
	111	111	77	0.8	0.8	0.8
	112	112	77	0.8	0.8	0.8
	113	113	77	0.8	0.8	0.8
	114	114	77	0.8	0.8	0.8
	115	115	77	0.8	0.8	0.8
	116	116	77	0.8	0.8	0.8
	117	117	77	0.8	0.8	0.8
	118	118	77	0.8	0.8	0.8
	119	119	77	0.8	0.8	0.8
	120	120	77	0.8	0.8	0.8
	121	121	77	0.8	0.8	0.8
	122	122	77	0.8	0.8	0.8
	123	123	77	0.8	0.8	0.8
	124	124	77	0.8	0.8	0.8
	125	125	77	0.8	0.8	0.8
	126	126	77	0.8	0.8	0.8
	127	127	77	0.8	0.8	0.8
	128	128	77	0.8	0.8	0.8
	129	129	77	0.8	0.8	0.8
	130	130	77	0.8	0.8	0.8
	131	131	77	0.8	0.8	0.8
	132	132	77	0.8	0.8	0.8
	133	133	77	0.8	0.8	0.8
	134	134	77	0.8	0.8	0.8
	135	135	77	0.8	0.8	0.8
	136	136	77	0.8	0.8	0.8
	137	137	77	0.8	0.8	0.8
	138	138	77	0.8	0.8	0.8
	139	139	77	0.8	0.8	0.8
	140	140	77	0.8	0.8	0.8
	141	141	77	0.8	0.8	0.8
	142	142	77	0.8	0.8	0.8
	143	143	77	0.8	0.8	0.8
	144	144	77	0.8	0.8	0.8
	145	145	77	0.8	0.8	0.8
	146	146	77	0.8	0.8	0.8
	147	147	77	0.8	0.8	0.8
	148	148	77	0.8	0.8	0.8
	149	149	77	0.8	0.8	0.8
	150	150	77	0.8	0.8	0.8
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	159	159	77	0.8	0.8	0.8
	160	160	77	0.8	0.8	0.8
	161	161	77	0.8	0.8	0.8
	162	162	77	0.8	0.8	0.8
	163	163	77	0.8	0.8	0.8
	164	164	77	0.8	0.8	0.8
	165	165	77	0.8	0.8	0.8
	166	166	77	0.8	0.8	0.8
	167	167	77	0.8	0.8	0.8
	168	168	77	0.8	0.8	0.8
	169	169	77	0.8	0.8	0.8
	170	170	77	0.8	0.8	0.8
	171	171	77	0.8	0.8	0.8
	172	172	77	0.8	0.8	0.8
	173	173	77	0.8	0.8	0.8
	174	174	77	0.8	0.8	0.8
	175	175	77	0.8	0.8	0.8
	176	176	77	0.8	0.8	0.8
	177	177	77	0.8	0.8	0.8
	178	178	77	0.8	0.8	0.8
	179	179	77	0.8	0.8	0.8
	180	180	77	0.8	0.8	0.8
	181	181	77	0.8	0.8	0.8
	182	182	77	0.8	0.8	0.8
	183	183	77	0.8	0.8	0.8
	184	184	77	0.8	0.8	0.8
	185	185	77	0.8	0.8	0.8
	186	186	77	0.8	0.8	0.8
	187	187	77	0.8	0.8	0.8
	188	188	77	0.8	0.8	0.8
	189	189	77	0.8	0.8	0.8
	190	190	77	0.8	0.8	0.8
	191	191	77	0.8	0.8	0.8
	192	192	77	0.8	0.8	0.8
	193	193	77	0.8	0.8	0.8
	194	194	77	0.8	0.8	0.8
	195	195	77	0.8	0.8	0.8
	196	196	77	0.8	0.8	0.8
	197	197	77	0.8	0.8	0.8
	198	198	77	0.8	0.8	0.8
	199	199	77	0.8	0.8	0.8
	200	200	77	0.8	0.8	0.8

129	82	Brooklyn Nat. Bk.	499	-5	2.1	4.3	18.3
130	83	Brooklyn Sav. Bk.	100	-	19.0	2.3	8.4
131	84	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
132	85	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
133	86	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
134	87	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
135	88	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
136	89	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
137	90	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
138	91	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
139	92	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
140	93	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
141	94	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
142	95	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
143	96	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
144	97	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
145	98	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
146	99	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
147	100	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
148	101	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
149	102	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
150	103	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
151	104	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
152	105	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
153	106	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
154	107	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
155	108	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
156	109	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
157	110	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
158	111	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
159	112	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
160	113	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
161	114	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
162	115	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
163	116	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
164	117	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
165	118	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
166	119	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
167	120	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
168	121	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
169	122	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
170	123	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
171	124	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
172	125	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
173	126	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
174	127	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
175	128	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
176	129	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
177	130	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
178	131	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
179	132	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
180	133	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
181	134	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
182	135	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
183	136	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
184	137	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
185	138	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
186	139	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
187	140	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
188	141	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
189	142	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
190	143	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
191	144	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
192	145	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
193	146	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
194	147	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
195	148	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
196	149	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
197	150	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
198	151	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
199	152	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4
200	153	Brooklyn Sav. Bk.	200	-	19.0	2.3	8.4

BANKS, HP & LEASING

175	10	W. J. ...	234	10	4.8	4.8	12.9
176	11	62nd St. ...	234	10	4.8	4.8	12.9
177	12	62nd St. ...	234	10	4.8	4.8	12.9
178	13	62nd St. ...	234	10	4.8	4.8	12.9
179	14	62nd St. ...	234	10	4.8	4.8	12.9
180	15	62nd St. ...	234	10	4.8	4.8	12.9
181	16	62nd St. ...	234	10	4.8	4.8	12.9
182	17	62nd St. ...	234	10	4.8	4.8	12.9
183	18	62nd St. ...	234	10	4.8	4.8	12.9
184	19	62nd St. ...	234	10	4.8	4.8	12.9
185	20	62nd St. ...	234	10	4.8	4.8	12.9
186	21	62nd St. ...	234	10	4.8	4.8	12.9
187	22	62nd St. ...	234	10	4.8	4.8	12.9
188	23	62nd St. ...	234	10	4.8	4.8	12.9
189	24	62nd St. ...	234	10	4.8	4.8	12.9
190	25	62nd St. ...	234	10	4.8	4.8	12.9
191	26	62nd St. ...	234	10	4.8	4.8	12.9
192	27	62nd St. ...	234	10	4.8	4.8	12.9
193	28	62nd St. ...	234	10	4.8	4.8	12.9
194	29	62nd St. ...	234	10	4.8	4.8	12.9
195	30	62nd St. ...	234	10	4.8	4.8	12.9
196	31	62nd St. ...	234	10	4.8	4.8	12.9
197	32	62nd St. ...	234	10	4.8	4.8	12.9
198	33	62nd St. ...	234	10	4.8	4.8	12.9
199	34	62nd St. ...	234	10	4.8	4.8	12.9
200	35	62nd St. ...	234	10	4.8	4.8	12.9
201	36	62nd St. ...	234	10	4.8	4.8	12.9
202	37	62nd St. ...	234	10	4.8	4.8	12.9
203	38	62nd St. ...	234	10	4.8	4.8	12.9
204	39	62nd St. ...	234	10	4.8	4.8	12.9
205	40	62nd St. ...	234	10	4.8	4.8	12.9
206	41	62nd St. ...	234	10	4.8	4.8	12.9
207	42	62nd St. ...	234	10	4.8	4.8	12.9
208	43	62nd St. ...	234	10	4.8	4.8	12.9
209	44	62nd St. ...	234	10	4.8	4.8	12.9
210	45	62nd St. ...	234	10	4.8	4.8	12.9
211	46	62nd St. ...	234	10	4.8	4.8	12.9
212	47	62nd St. ...	234	10	4.8	4.8	12.9
213	48	62nd St. ...	234	10	4.8	4.8	12.9
214	49	62nd St. ...	234	10	4.8	4.8	12.9
215	50	62nd St. ...	234	10	4.8	4.8	12.9
216	51	62nd St. ...	234	10	4.8	4.8	12.9
217	52	62nd St. ...	234	10	4.8	4.8	12.9
218	53	62nd St. ...	234	10	4.8	4.8	12.9
219	54	62nd St. ...	234	10	4.8	4.8	12.9
220	55	62nd St. ...	234	10	4.8	4.8	12.9
221	56	62nd St. ...	234	10	4.8	4.8	12.9
222	57	62nd St. ...	234	10	4.8	4.8	12.9
223	58	62nd St. ...	234	10	4.8	4.8	12.9
224	59	62nd St. ...	234	10	4.8	4.8	12.9
225	60	62nd St. ...	234	10	4.8	4.8	12.9
226	61	62nd St. ...	234	10	4.8	4.8	12.9
227	62	62nd St. ...	234	10	4.8	4.8	12.9
228	63	62nd St. ...	234	10	4.8	4.8	12.9
229	64	62nd St. ...	234	10	4.8	4.8	12.9
230	65	62nd St. ...	234	10	4.8	4.8	12.9
231	66	62nd St. ...	234	10	4.8	4.8	12.9
232	67	62nd St. ...	234	10	4.8	4.8	12.9
233	68	62nd St. ...	234	10	4.8	4.8	12.9
234	69	62nd St. ...	234	10	4.8	4.8	12.9
235	70	62nd St. ...	234	10	4.8	4.8	12.9
236	71	62nd St. ...	234	10	4.8	4.8	12.9
237	72	62nd St. ...	234	10	4.8	4.8	12.9
238	73	62nd St. ...	234	10	4.8	4.8	12.9
239	74	62nd St. ...	234	10	4.8	4.8	12.9
240	75	62nd St. ...	234	10	4.8	4.8	12.9
241	76	62nd St. ...	234	10	4.8	4.8	12.9
242	77	62nd St. ...	234	10	4.8	4.8	12.9
243	78	62nd St. ...	234	10	4.8	4.8	12.9
244	79	62nd St. ...	234	10	4.8	4.8	12.9
245	80	62nd St. ...	234	10	4.8	4.8	12.9
246	81	62nd St. ...	234	10	4.8	4.8	12.9
247	82	62nd St. ...	234	10	4.8	4.8	12.9
248	83	62nd St. ...	234	10	4.8	4.8	12.9
249	84	62nd St. ...	234	10	4.8	4.8	12.9
250	85	62nd St. ...	234	10	4.8	4.8	12.9
251	86	62nd St. ...	234	10	4.8	4.8	12.9
252	87	62nd St. ...	234	10	4.8	4.8	12.9
253	88	62nd St. ...	234	10	4.8	4.8	12.9
254	89	62nd St. ...	234	10	4.8	4.8	12.9
255	90	62nd St. ...	234	10	4.8	4.8	12.9
256	91	62nd St. ...	234	10	4.8	4.8	12.9
257	92	62nd St. ...	234	10	4.8	4.8	12.9
258	93	62nd St. ...	234	10	4.8	4.8	12.9
259	94	62nd St. ...	234	10	4.8	4.8	12.9
260	95	62nd St. ...	234	10	4.8	4.8	12.9
261	96	62nd St. ...	234	10	4.8	4.8	12.9
262	97	62nd St. ...	234	10	4.8	4.8	12.9
263	98	62nd St. ...	234	10	4.8	4.8	12.9
264	99	62nd St. ...	234	10	4.8	4.8	12.9
265	100	62nd St. ...	234	10	4.8	4.8	12.9

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MINES - Contd

INVESTMENT TRUSTS - CONT'D									
Stock	Price	Div	Yield	High	Low	Open	Close	Change	Vol
11111 Investment Trust	111.1	1.1	1.0	111.1	111.1	111.1	111.1	0.0	111.1
11112 Investment Trust	111.2	1.2	1.1	111.2	111.2	111.2	111.2	0.0	111.2
11113 Investment Trust	111.3	1.3	1.2	111.3	111.3	111.3	111.3	0.0	111.3
11114 Investment Trust	111.4	1.4	1.3	111.4	111.4	111.4	111.4	0.0	111.4
11115 Investment Trust	111.5	1.5	1.4	111.5	111.5	111.5	111.5	0.0	111.5
11116 Investment Trust	111.6	1.6	1.5	111.6	111.6	111.6	111.6	0.0	111.6
11117 Investment Trust	111.7	1.7	1.6	111.7	111.7	111.7	111.7	0.0	111.7
11118 Investment Trust	111.8	1.8	1.7	111.8	111.8	111.8	111.8	0.0	111.8
11119 Investment Trust	111.9	1.9	1.8	111.9	111.9	111.9	111.9	0.0	111.9
11120 Investment Trust	112.0	2.0	1.9	112.0	112.0	112.0	112.0	0.0	112.0
11121 Investment Trust	112.1	2.1	2.0	112.1	112.1	112.1	112.1	0.0	112.1
11122 Investment Trust	112.2	2.2	2.1	112.2	112.2	112.2	112.2	0.0	112.2
11123 Investment Trust	112.3	2.3	2.2	112.3	112.3	112.3	112.3	0.0	112.3
11124 Investment Trust	112.4	2.4	2.3	112.4	112.4	112.4	112.4	0.0	112.4
11125 Investment Trust	112.5	2.5	2.4	112.5	112.5	112.5	112.5	0.0	112.5
11126 Investment Trust	112.6	2.6	2.5	112.6	112.6	112.6	112.6	0.0	112.6
11127 Investment Trust	112.7	2.7	2.6	112.7	112.7	112.7	112.7	0.0	112.7
11128 Investment Trust	112.8	2.8	2.7	112.8	112.8	112.8	112.8	0.0	112.8
11129 Investment Trust	112.9	2.9	2.8	112.9	112.9	112.9	112.9	0.0	112.9
11130 Investment Trust	113.0	3.0	2.9	113.0	113.0	113.0	113.0	0.0	113.0
11131 Investment Trust	113.1	3.1	3.0	113.1	113.1	113.1	113.1	0.0	113.1
11132 Investment Trust	113.2	3.2	3.1	113.2	113.2	113.2	113.2	0.0	113.2
11133 Investment Trust	113.3	3.3	3.2	113.3	113.3	113.3	113.3	0.0	113.3
11134 Investment Trust	113.4	3.4	3.3	113.4	113.4	113.4	113.4	0.0	113.4
11135 Investment Trust	113.5	3.5	3.4	113.5	113.5	113.5	113.5	0.0	113.5
11136 Investment Trust	113.6	3.6	3.5	113.6	113.6	113.6	113.6	0.0	113.6
11137 Investment Trust	113.7	3.7	3.6	113.7	113.7	113.7	113.7	0.0	113.7
11138 Investment Trust	113.8	3.8	3.7	113.8	113.8	113.8	113.8	0.0	113.8
11139 Investment Trust	113.9	3.9	3.8	113.9	113.9	113.9	113.9	0.0	113.9
11140 Investment Trust	114.0	4.0	3.9	114.0	114.0	114.0	114.0	0.0	114.0
11141 Investment Trust	114.1	4.1	4.0	114.1	114.1	114.1	114.1	0.0	114.1
11142 Investment Trust	114.2	4.2	4.1	114.2	114.2	114.2	114.2	0.0	114.2
11143 Investment Trust	114.3	4.3	4.2	114.3	114.3	114.3	114.3	0.0	114.3
11144 Investment Trust	114.4	4.4	4.3	114.4	114.4	114.4	114.4	0.0	114.4
11145 Investment Trust	114.5	4.5	4.4	114.5	114.5	114.5	114.5	0.0	114.5
11146 Investment Trust	114.6	4.6	4.5	114.6	114.6	114.6	114.6	0.0	114.6
11147 Investment Trust	114.7	4.7	4.6	114.7	114.7	114.7	114.7	0.0	114.7
11148 Investment Trust	114.8	4.8	4.7	114.8	114.8	114.8	114.8	0.0	114.8
11149 Investment Trust	114.9	4.9	4.8	114.9	114.9	114.9	114.9	0.0	114.9
11150 Investment Trust	115.0	5.0	4.9	115.0	115.0	115.0	115.0	0.0	115.0
11151 Investment Trust	115.1	5.1	5.0	115.1	115.1	115.1	115.1	0.0	115.1
11152 Investment Trust	115.2	5.2	5.1	115.2	115.2	115.2	115.2	0.0	115.2
11153 Investment Trust	115.3	5.3	5.2	115.3	115.3	115.3	115.3	0.0	115.3
11154 Investment Trust	115.4	5.4	5.3	115.4	115.4	115.4	115.4	0.0	115.4
11155 Investment Trust	115.5	5.5	5.4	115.5	115.5	115.5	115.5	0.0	115.5
11156 Investment Trust	115.6	5.6	5.5	115.6	115.6	115.6	115.6	0.0	115.6
11157 Investment Trust	115.7	5.7	5.6	115.7	115.7	115.7	115.7	0.0	115.7
11158 Investment Trust	115.8	5.8	5.7	115.8	115.8	115.8	115.8	0.0	115.8
11159 Investment Trust	115.9	5.9	5.8	115.9	115.9	115.9	115.9	0.0	115.9
11160 Investment Trust	116.0	6.0	5.9	116.0	116.0	116.0	116.0	0.0	116.0
11161 Investment Trust	116.1	6.1	6.0	116.1	116.1	116.1	116.1	0.0	116.1
11162 Investment Trust	116.2	6.2	6.1	116.2	116.2	116.2	116.2	0.0	116.2
11163 Investment Trust	116.3	6.3	6.2	116.3	116.3	116.3	116.3	0.0	116.3
11164 Investment Trust	116.4	6.4	6.3	116.4	116.4	116.4	116.4	0.0	116.4
11165 Investment Trust	116.5	6.5	6.4	116.5	116.5	116.5	116.5	0.0	116.5
11166 Investment Trust	116.6	6.6	6.5	116.6	116.6	116.6	116.6	0.0	116.6
11167 Investment Trust	116.7	6.7	6.6	116.7	116.7	116.7	116.7	0.0	116.7
11168 Investment Trust	116.8	6.8	6.7	116.8	116.8	116.8	116.8	0.0	116.8
11169 Investment Trust	116.9	6.9	6.8	116.9	116.9	116.9	116.9	0.0	116.9
11170 Investment Trust	117.0	7.0	6.9	117.0	117.0	117.0	117.0	0.0	117.0
11171 Investment Trust	117.1	7.1	7.0	117.1	117.1	117.1	117.1	0.0	117.1
11172 Investment Trust	117.2	7.2	7.1	117.2	117.2	117.2	117.2	0.0	117.2
11173 Investment Trust	117.3	7.3	7.2	117.3	117.3	117.3	117.3	0.0	117.3
11174 Investment Trust	117.4	7.4	7.3	117.4	117.4	117.4	117.4	0.0	117.4
11175 Investment Trust	117.5	7.5	7.4	117.5	117.5	117.5	117.5	0.0	117.5
11176 Investment Trust	117.6	7.6	7.5	117.6	117.6	117.6	117.6	0.0	117.6
11177 Investment Trust	117.7	7.7	7.6	117.7	117.7	117.7	117.7	0.0	117.7
11178 Investment Trust	117.8	7.8	7.7	117.8	117.8	117.8	117.8	0.0	117.8
11179 Investment Trust	117.9	7.9	7.8	117.9	117.9	117.9	117.9	0.0	117.9
11180 Investment Trust	118.0	8.0	7.9	118.0	118.0	118.0	118.0	0.0	118.0
11181 Investment Trust	118.1	8.1	8.0	118.1	118.1	118.1	118.1	0.0	118.1
11182 Investment Trust	118.2	8.2	8.1	118.2	118.2	118.2	118.2	0.0	118.2
11183 Investment Trust	118.3	8.3	8.2	118.3	118.3	118.3	118.3	0.0	118.3
11184 Investment Trust	118.4	8.4	8.3	118.4	118.4	118.4	118.4	0.0	118.4
11185 Investment Trust	118.5	8.5	8.4	118.5	118.5	118.5	118.5	0.0	118.5
11186 Investment Trust	118.6	8.6	8.5	118.6	118.6	118.6	118.6	0.0	118.6
11187 Investment Trust	118.7	8.7	8.6	118.7	118.7	118.7	118.7	0.0	118.7
11188 Investment Trust	118.8	8.8	8.7	118.8	118.8	118.8	118.8	0.0	118.8
11189 Investment Trust	118.9	8.9	8.8	118.9	118.9	118.9	118.9	0.0	118.9
11190 Investment Trust	119.0	9.0	8.9	119.0	119.0	119.0	119.0	0.0	119.0
11191 Investment Trust	119.1	9.1	9.0	119.1	119.1	119.1	119.1	0.0	119.1
11192 Investment Trust	119.2	9.2	9.1	119.2	119.2	119.2	119.2	0.0	119.2
11193 Investment Trust	119.3	9.3	9.2	119.3	119.3	119.3	119.3	0.0	119.3
11194 Investment Trust	119.4	9.4	9.3	119.4	119.4	119.4	119.4	0.0	119.4
11195 Investment Trust	119.5	9.5	9.4	119.5	119.5	119.5	119.5	0.0	119.5
11196 Investment Trust	119.6	9.6	9.5	119.6	119.6	119.6	119.6	0.0	119.6
11197 Investment Trust	119.7								

[illegible]

THE WEEK IN PERSPECTIVE

FINANCE AND THE FAMILY

London Market

A rights issue to chill the blood

THE BRITISH Aerospace rights issue has haunted the market all week like a creature from a horror movie. Behind every closed door, in every alleyway, lurks a nameless terror.

In this case it's not nameless at all. The fear is of a comprehensive flop of the BAE issue, to go along with the previous week's Hillsdown debacle and the failure of Attwoods' first attempt at a rights issue.

The fate of the BAE issue will not be known until it closes on Monday, the shares finished the week at 353p, down 17p, and 17p below the rights issue price.

In a way, though, the issue's symbolic freight was greater than the actual damage its failure might cause. Every surge of rights issues in recent memory has been brought to an end by a big, ill-received cash call from a prominent name.

So if the BAE issue is judged a flop, it will signal the end of another short-lived era of easy access to institutional money and make underwriters much less willing (until the next bull market, anyway) to take on issues about which there is any uncertainty.

The BAE issue helped to impart a bad-tempered tone to the week's trading. Thursday, in particular, was one of those days when everything seems to go wrong. Suddenly, a market

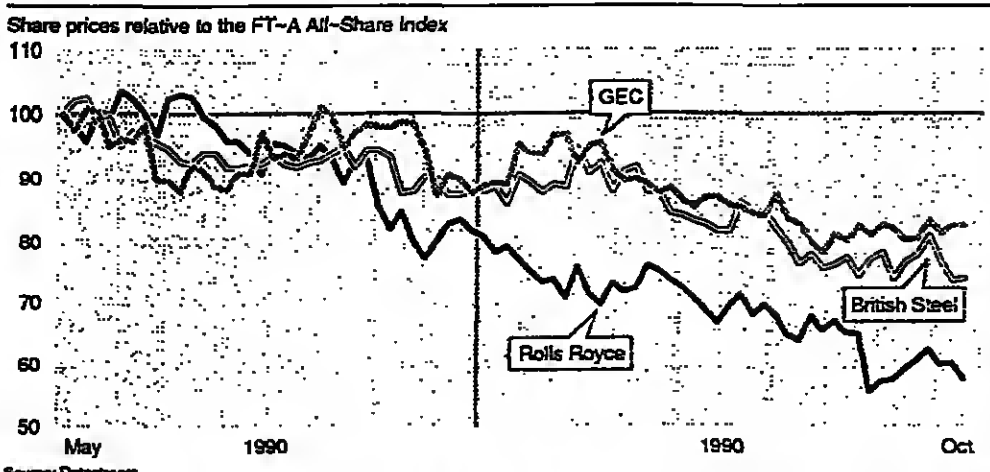
which had been hovering round 2,600 on the FT-SE had to come to terms with 2,500 as the new benchmark, as the index closed at 2,523.3, down 32.8 points. On Friday it fell further closing at 2,514.7, down 86.4 on the week.

The damage on Thursday afternoon was caused by a slide in the Dow, by rumours of bad news on UK interest rates, by the (apparently false) suggestion that Hanson had sold its stake in ICI, and - inevitably - by the thought that the Attwoods fiasco, revealed in all its gory horror on Thursday morning, might reflect badly on the prospects for the BAE rights issue.

In fact, though, Attwoods' problems seemed to be very much a special case. The waste management company has few if any big shareholders in London, and its highest institutional owners are US-based institutions who take a different - perhaps more robust - approach to unattractive rights issues. Their lack of enthusiasm for the first version of the offering, disconcerting though it must have been to Attwoods' management, says little about the UK institutions' attitude to more conventional stocks.

When the details of Thursday's successful - but much more heavily discounted - underwriting were announced, it was clear that Attwoods was a company with problems.

Export and die



A nine-for-25 cash call at 100p a share (compared with the 175p at which the stock was suspended on Wednesday, and the 131p of the abortive offering) was had enough; having to confess that company needed the issue to meet scheduled repayment of £29m of its £125m of debt was worse.

A further complication is the way that the company has been caught up in the feud between Laidlaw, the Canadian waste company, and Michael Ashcroft, the chairman of ADT. Laidlaw, Attwoods' biggest shareholder agreed to underwrite a big chunk of the

rights issue and will have three directors on the Attwoods board.

A final artistic touch was the revelation that Attwoods was being investigated for billing irregularities by the Pentagon. In short, Attwoods is a company in an entirely particular pickle. Its shares closed on Friday at 114p, down 57p on the week and only 4p above the rights issue price.

Though the British Aerospace issue has provoked the outskirts of the market all week, seeking whom it might devour, the lowering skies behind it came by courtesy of some of the City's economic analysts. The pessimists among them are starting to assess the quality of the economic upturn that ministers have so frequently promised - and not liking what they see.

Elsewhere, the poor September export figures reported on Tuesday - a reversal of the sharply higher-than-trend figures of the previous month - revived worries that the UK entered the ERM at too high a rate. The nature of the venture on which the country is embarked, however, makes detailed calculations about appropriate parities irrelevant. As long as the ERM entry rate was not wildly out of line - as happened with the 1992 return to the gold standard - its exact level is unimportant.

There was always going to be a crunch when faster-than-German wage growth in Britain, coupled with slower-than-German productivity growth, brought sterling's real exchange rate to an unacceptably costly level. The entry party only decides how long it will be before that crunch, not whether it will happen.

The question for the stock market is now whether that crunch is upon us - and who will be the winners and losers. The chart, which shows the relative performance of a clutch of Britain's biggest manufacturing exporters since ERM entry looked likely last year, illustrates the stock market's verdict on that point.

Of course, if Britain's largest exporter by far, British Aerospace, were included, the chart would look even worse. But that's quite enough horror for one column.

Peter Martin

Serious Money

A little less snobbery please

By John Authers

THERE IS A LOT of snobbery about fund management.

Fund managers ultimately have a very simple job, which is to make as much of the money entrusted to them as possible.

There are different demands which can be made on an investment portfolio, such as income and growth, but the obvious yardstick for a manager's performance is the index for the market in which the funds invest.

If the market is down severely, a fund manager can still register strong relative performance by falling by less than the market index. But ultimately it seems fair to expect portfolio managers to deliver stronger performance than the index of the sector they are investing in.

And have they? Statistics suggest not.

Take the FT-SE All Share index. Over the three years to the beginning of this month it has increased by 49 per cent, according to Micropal. Meanwhile, the average UK Equity Generalist unit trust managed growth of 26.7 per cent, according to the same source. Even the top-performing fund in the sector over this timescale, Equity & Law UK Generalist, managed only 45.4 per cent.

This is a particularly unkind sector and timescale to choose. Over ten years the FT-SE All Share put on 327.4 per cent, while the average fund in the sector increased by 463.4 per cent. However, ten funds (out of 54) beat the index. Top performer was M&G's Midland & Generalist, which grew by 749.1 per cent over the decade to the beginning of this October.

Active fund management, then, gives investors greater opportunities. But a fund which simply mirrored the index would often do better. For the risk-averse investor, such a fund might be preferable.

All this suggests that tracker funds, which do nothing more than track an index, have been seriously neglected. The fund manager selects a portfolio to mirror the index as precisely

as possible, and then leaves it. Open-ended funds, such as unit trusts, which have to cope with redemptions and new issues, must be prepared to do some buying and selling, and they must also follow any changes to the composition of the index. But that is all.

Tracker funds still do not have much of a track record in this country, and the techniques for maintaining a portfolio similar to the index are awkward. However, over the last year (admittedly an unsatisfactory timescale) tracker funds are doing well in the UK Equity Generalist sector. Tracker funds from James Capel (which next week launches its 6th tracker fund), Swiss Life and Morgan Grenfell are 16th, 15th and 24th in a field of 99. They are all roughly in line with the index.

That makes the funds cheap to administer, and this should be passed on to the investor in low charges. In the US, where demand is high, bid-offer spreads are very low, but in the UK the prices are only a little better than the competition - for example, James Capel charges a 5 per cent initial fee.

But trackers are a desecration of all that traditional fund management has set out to achieve. This might explain why managers throw up their hands in horror at the idea that a fund should make no attempt to out-perform.

However, managers might also dislike the idea because it implies that they are dispensable. In a unit trust industry which already looks over-owned, a breed of cheaper, safer funds which performs better than average might not be welcomed.

I would not suggest there is no place for active fund management. A glance at how some funds out-distance their index quickly shows that there is. Schroder Japanese Smaller Companies, for instance, grew by 172.6 per cent over five years to the beginning of this month; and Capability Special Situations increased by 747.9 per cent over the decade to the

beginning of October. That kind of performance is worth paying for.

It would be too conservative for anyone with a decent-sized portfolio not to put a chunk of it into actively managed funds, because it is worth paying to give yourself some chance of beating the index.

But the case for giving your portfolio a ballast of indexed funds, enabling you then to try your hand at a little stock picking by investing directly in equities is very strong.

Also, these funds are most attractive to exactly those people whose custom the fund management industry wants most of all - new investors.

An index fund is the obvious next step for a small investor with a portfolio of one or two blue chip companies. The logic could be seen most clearly at work in an excellent Personal Equity Plan produced by the Bradford & Bingley Building Society. Half the Pep could go into a blue chip stock (ICI and BP were among those offered) and the rest into Capel's UK index fund. This gives the nervous investor a direct holding in a stalwart of British industry, which would be the bedrock of many a more advanced portfolio, plus a cheap, direct exposure to the broader UK market. The Pep sheltered all of it from tax.

This simple structure even makes it simple for investors to understand what is happening - a quick glance at a newspaper for the state of FTSE tells you how your money has fared for the day.

Bradford & Bingley did have administrative problems, but this product is surely an excellent way to encourage novice investors to dip their toes into the turbulent currents of the equity markets. After a few years, they might even try buying some actively managed funds, and possibly even out-perform the index.

That should be the clinching argument. In their own long-term interests fund managers should conquer their distaste and take a serious look at index tracker funds.

HIGHLIGHTS OF THE WEEK

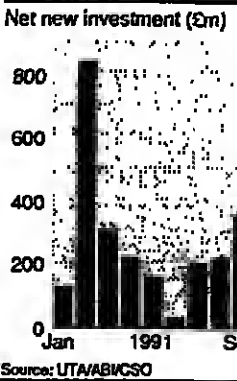
	Price y/day	Change on week	1991 High	1991 Low	UK/US economic uncertainty
FT-SE 100 Index	2514.7	-86.4	2679.8	2054.8	
Assoc Brit Foods	450	-28	545	421	Bear raid/bread price war
Attwoods	114	-57	280	100	Deeply discounted rights issue
Cable & Wireless	548	-25	601	429	Profits downgrade
Caird	94	-33	128	42	Severn-Trent sells 26.9% stake
De La Rue	463	+15	469	305	Swedish acquisition plan
Dixons	241	-18	274	125	Cazenove downgrade, US prospects
Eurotherm	309	+22	311	181	UBS 'buy' recommendation
First Nat Finance	53	-13	213	49	Losses forecast
Greycoat	125	-44	387	120	Property refinancing plan shelved
ICI	1241	-50	1381	845	Rumours that Hanson will sell stake
P & P	55	-46	147	50	Profits warning
Royal Insurance	297	-37	491	297	Mortgage indemnity fears
Sum Alliance	316	-32	408	309	Mortgage indemnity fears
Trans World Comm	74	+16	77 1/2	48	EMAP allowed to raise stake

Wall Street

Just who is winning out there?

AT A GLANCE

Unit Trusts



Building Societies



Unit trust and building society receipts rise

Unit trusts and building societies both showed an increase in net receipts for September with unit trusts overtaking the societies.

Building societies reported a £79m increase in net new commitments to £3.37bn for September from the previous month. Figures issued by the Unit Trust Association showed a large jump in net new investments of £137m for the same period to £258m.

"We are seeing a switch from building societies into equities," said Philip Warland, Director-General of the UTA, who attributed it to lower interest rates on building society accounts.

Mark Boland, Director-General of the Building Societies Association, also thought the weak figures were due to earlier reductions in savings rates but added that it also, "may be attributed in part to the second call on shareholders in the electricity distribution companies."

Tax returns go back next week

Remember that there are only five days left to meet the deadline of October 31 for tax returns of April 1990-91.

Many will have submitted their tax return months ago since the forms, which were issued in April, request the taxpayer to return them within 30 days. Failure to meet the deadline could result in an interest charge on unpaid tax.

Smaller companies slide

In a week that has seen smaller company indices slide, SG Warburg Securities has launched the first of quarterly reports on small company performance. The Hoare Govett Smaller Companies Index (capital gains version) fell 1.1 per cent to 1254.87 from 1269.82 over the week to August 24. The County Smaller Companies Index also showed a similar, though less pronounced, decline of 0.85 per cent to 1005.96 over the same period.

Health insurance in turmoil

William Widdowson sent the market for health insurance into a ferment, hinting that tax concessions on private medical insurance for the elderly might not survive the next budget. The position on tax relief still seems unclear.

However, more products were launched in this fast-developing market. The Life Association of Scotland produced an income replacement plan for individuals - HealthCheque - and BUPA produced a low-cost medical insurance plan.

Mixed week for HIPS

Home Income plans, which allow the elderly to boost their income by releasing equity from their house and investing the money raised in an annuity, had a patchy week.

Allied Dunbar announced it would withdraw from the market at the end of the year. Plans issued before the end of the year will be unaffected.

Carlyle Life launched a Renewable Home Income Plan. This allows the pensioner to sell "slices" of property, in return for a fixed annuity for five years. The scheme is renewable, so the pensioner can be assured of more income from selling a second "slice" after five years.

Protect your money from sharks

Is there such a thing as independent financial advice? The 38-page Quarterly Review of Personal Finance, published with today's FT, offers a chart for hazardous waters.

THE CORPORATE quarterly reporting season, like the baseball World Series, is more than halfway over. But as with America's national sport, where Atlanta's tomahawk-waving Braves led their more decorous Minnesota opponents by the slimmest of margins, it is difficult to tell who is really winning.

If anyone imagined that the reams of third quarter earnings releases would present a definitive diagnosis of the country's industrial health, they were sadly mistaken.

What has been presented is a mixed picture at best - with relatively few new horror stories and an equally selective number of pleasant surprises.

That, coupled with some discouraging economic data, has been sufficient to give Wall Street a new dose of the jitters. The stock market, which had soared to record highs at the end of the previous week, has been in general decline for most of the past five trading sessions.

By noon on Friday, the Dow Jones Industrial Average had tumbled to 3,016, having started on Monday morning at over 3,077.

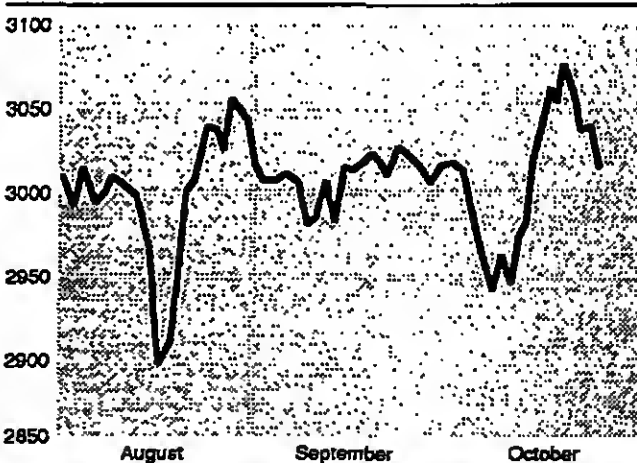
The earnings figures themselves scarcely merited this kind of reaction. The odd shocker has emerged - such as the previous week's write-offs at Chicago - and some sectors of the economy seem to be resolutely mired by the sharp decline in consumer confidence.

For example, two of the big car companies, Ford and General Motors, posted losses totalling almost \$1.7bn for the three-month period, and gave few signs that they anticipate an early improvement.

Sears Roebuck, one of the nation's largest retailers, also reported a near-40 per cent fall in merchandise profits, and was only hailed out by its financial services arm, which includes the Dean Witter brokerage. But, conversely, many of the consumer products companies seem to be nothing up useful extraordinary gains, allowing them to offset necessary restructuring charges, while tough competition in their domestic markets is still mitigated by more clement conditions overseas.

Analysts, too, have recovered somewhat from the horrors of

Dow Jones Industrial Average



the past year. The securities firms, buoyed up by Wall Street's record levels, go from strength to strength.

In itself, such an ambivalent picture might present grounds for caution, but no more. However, compound this ambiguous situation with some unexpectedly grim economic data, and Wall Street's stumble last week became explicable.

The damage was really done by two sets of statistics released on Thursday. First, the initial unemployment claims for the week ended October 12 jumped by 23,000, well in excess of the 5,000 increase which the pundits had been predicting. And then the September durable goods orders showed a 3.2 per cent plunge - the second consec-

utive monthly decline. The market had expected a slip of no more than 1 per cent.

In the past, such news might have been thought sufficiently heinous to encourage a cut in interest rates. That, in theory, would then drive the bond market higher and - as yields fell and corporate borrowing costs declined - push up the stock market too. But market psychology has undergone something of a shift in recent weeks. For a start, the reason Wall Street has been powering to record levels is the widespread expectation that savings will finally pull out of recession; interest rate speculation has become only a secondary factor in the market's calculations.

In addition, given the persistent credit crunch, it is debatable how much benefit a further interest rate cut would bring to the corporate sector. Indeed, there has been more talk recently of stimulating the economy through fiscal means, such as tax cuts.

So, very simply, Wall Street has become interested in what the statistics say about the economy and prospects for corporate earnings, rather than in

any possibilities they may open up on the interest rate front. And what they said last week was not encouraging.

Of course, extreme pessimism might argue that last week's gloomy patterns on Wall Street - coupled with the gloomy statistics - finally herald the much-feared "double dip" in the economy and a crack in Wall Street's confidence. But while the economy still shows every sign of fragility, that is probably an overstatement, certainly in terms of market sentiment.

Every time, Wall Street has moved to new highs this year, a period of consolidation has followed. Last week's setback looks no different. The fact remains that the stockmarket has glimpsed a light at the end of the recessionary tunnel. It may be uncertain how long the journey to reach this point will take, but it is certainly determined to anticipate the good news.

Monday	3060.58	- 14.77
Tuesday	3039.80	- 20.58
Wednesday	3040.82	+ 1.18
Thursday	3016.52	- 24.50

Nikki Tait

The Bottom Line

Smiths Industries steers a steady course

SMITHS INDUSTRIES this week shone out like a small beacon of hope in the gloom which has engulfed the British aerospace and defence industries.

Although the Cheltenham-based group merely reported flat annual profits on slightly reduced turnover, that was hailed as a great achievement in a sector which has been traumatised by defence cuts and the upheavals among the UK's commercial airlines.

Roger Hum, chief executive, was downbeat about Smiths' prospects in the current year, but he can be justifiably proud of the UK group's achievements at the high-technology end of the aerospace component market.

Starting as a London clock shop in 1850, Smiths has moved away from watches and precision instruments towards producing advanced cockpit display and control systems for military and civil aircraft.

The group recently won a contract to fit US military aircraft with a new generation of gyroscopes, which show an air-

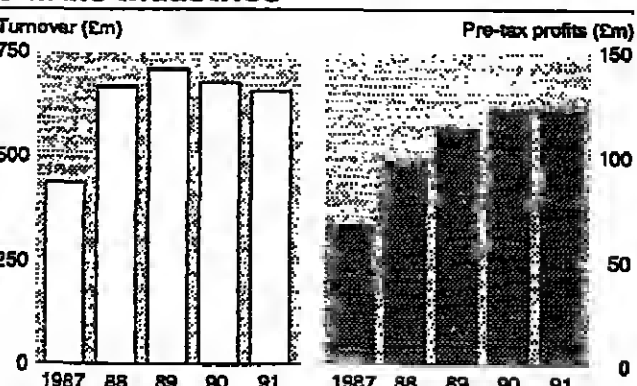
craft's attitude and heading. The company has also won a big order to supply the fuel management and electrical power systems on the new Boeing 777 wide-body airliner.

Such high-technology products do, however, require a high level of spending on research and development and this means Smiths is critically affected by the phasing of contracts. In the year to August 3, the group benefitted from the last orders for the Tornado strike aircraft, a known product at the end of its run.

Over the next three years, Smiths will spend a total of \$60m (£35m) of its own money on the Boeing orders, which will not enter service or yield significant revenue until 1995. Last year 40 per cent of the £120m Smiths spent on R&D was funded by the company out of profits, and this proportion is likely to increase because of the Boeing investment.

Partly because of these problems of cyclicity, Smiths is likely to use its net cash of £72m to continue to build the

Smiths Industries



other two legs of its business - medical systems and industrial products, which specialises in ducts and connectors.

Medical systems, which produced single-use disposable items worth £125m last year, is a large supplier to the British National Health Service and sells even more to Japan, where the group recently took an equity stake in its distribution companies.

Smiths has also just expanded its industrial side by paying £33m for Flexible Technology, a leading US manufacturer of hoses, pipes and flexible connectors.

Such infill acquisitions may gradually shift the balance of the group, but for the foreseeable future Smiths will make most of its money from aerospace, and more than half of that comes from military applications.

In spite of all the talk of a

peace dividend, Smiths has not been greatly affected by defence cuts. The Gulf war demonstrated the strengths of high-technology systems in the cockpit and the group is retrofitting or upgrading over 1,100 of US Air Force F15 fighters with head-up display equipment.

In the long-term, there must be a question mark over whether Smiths is big enough to survive at this high-technology end of the market, which will increasingly rely on technology such as flat-panel and liquid-crystal displays, fibre-optics and advanced microchips, all of which have huge development costs.

To that concern, the company can reply that it has not done badly so far, and in any case could form strategic alliances for particular types of technology. However, the company also stresses that its main strength lies in systems integration, putting together software and hardware in a way which aircraft manufacturers want.

As to the Smiths' short-term

prospects, Hum, warned: "The current year will not be easy since I am not expecting any general upturn." The chief executive, who last year cut the UK aerospace workforce from 8,200 to 7,200 in the UK, and shed 400 aerospace jobs in the US, said several hundred more jobs were likely to go in the current year.

Analysts now reckon profits will fall to about £10m in the year to next August, which puts the shares, at 255p, on a prospective multiple of just under 10.7, a discount to the market.

Given the established quality and track record of its management, the group's security deserves to be put in the same dog-house as all the other defence stocks.

The shares are unlikely to sparkle in the short-term, but investors who are looking for a strategic holding might do worse. Smiths are also likely to use their strong balance sheet to maintain an increasing dividend.

Andrew Hogg

FINANCE & THE FAMILY

Five years on, the real costs of Big Bang

The private investor may look back on City reforms with mixed feelings, write *Richard Waters and Scheherazade Daneshkhu*

IT IS five years tomorrow since Big Bang, the City reforms which put an end to the cosy old world of stockbroking for hundreds of thousands of investors in the UK. The event transformed the economics of the stockbroking industry and led to profound changes to the costs to investors and the level and type of services available.

The reforms of 1986 were designed to open up the UK's Stock Exchange to greater competition. Until then, a small group of privately-owned stockbroking partnerships controlled stock market business. They charged a fixed minimum commission of 1.5 per cent on deals, bringing them a comfortable living.

From the late 1970s, the Office of Fair Trading began snapping at the Exchange's heels, pressing for greater competition in the market. The Exchange (in some ways little more than a stockbrokers' club at the time) eventually relented. The result was Big Bang: the ending of minimum commissions, and the opening up of the Exchange to banks and others which had previously been kept out.

ONE of the main effects of Big Bang was to bring in lower commission rates for shareholders at the top and the bottom of the investment spectrum. Large institutions clearly benefited, but so too did the new shareholders created by the privatisations of the last decade. The reforms allowed institutions other than broking houses to provide new low-cost dealing services, a development that was aided by the fourfold growth in shareowners during the decade.

By 1986, there were more than 5m private shareholders in the UK - up from 3m at the start of the decade. Since then, the number has leapt to 11m. The chart shows the steady growth in the number of shareholders throughout the decade and its correlation with the launch of newly privatised issues.

The growth in the number of shareholders took place against the background of a long-term decline in individual share ownership. Private shareholders today own less than 30 per cent of shares, against 54 per cent in 1983.

Individuals have been net sellers of shares for more than 20 years, at the rate of anything between 11m and 15m a year. The crash of 1987, more significant for most private investors than Big Bang, prompted an even greater rush for the exit. They sold 111bn of shares in 1988 and 116bn in 1989, though that has since decreased.

The chart shows the methods of share acquisition and the importance of privatised shares in increasing the size of the new shareowning public. Only 14 per cent of shareholders bought their shares



Commissions duly came down - but not for private investors who continued to use stockbrokers. The reforms were made with institutional investors in mind - the pension funds, insurance companies and others who dominate

stock market trading. For many private investors, costs went up. "The main plus points of Big Bang were that it put us on the international scene, and, with the introduction of SEAQ, we got a marvelous dealing service," says the

director of a medium-size stockbroking firm. "But apart from very basic services, such as execution only brokerage, commission rates for private investors have gone up." Stock Exchange figures* show that average commission rates for

investors in UK equities went up steadily from 1.53 per cent in 1986 to 2.02 per cent this year on deals worth £801 to £2,000.

On the other hand, rates on deals worth £250,000 to £1m - amounts relevant to institutions rather than private investors - dropped from 0.21 per cent to 0.16 per cent over the same period.

The main reason for increased rates for private investors is that they had benefited for years from what is known as cross-subsidisation. The high commissions paid by institutions had been used by brokers in part to subsidise their private clients.

Andrew Hugh Smith, chairman of the Stock Exchange, says now: "On the whole, commission rates had to go up." This was also due to pressure on smaller broking houses as institutions took their business elsewhere in the wake of Big Bang. Some City brokers, such as Credit Suisse and Greenwell Montagu, phased out their institutional broking side to concentrate on private client business instead.

Others, including Charterhouse Tilney and Brown Shipley, expanded their private cli-



The old and the new: the oak-panelled glory days have gone

ent activities to build up a network of offices throughout the UK. "This should have been good news for the private investor," says Brian Tora of Greig Middleton, "but the trouble is that few people are making money at it. This has resulted in generally higher commission figures."

The Stock Exchange's Hugh Smith points to another cause of resentment among individual investors since Big Bang: the fact that many brokers discarded clients they had served for years. This was inevitable, says Smith.

Clients were dropped partly because of the ending of the institutional subsidy. If no longer paid to dispense advice from an expensive City office, or even to provide advice over the telephone to investors who wanted to discuss their portfolios.

Where these services are still provided, it is only for wealthier investors. "It costs little more to administer £100,000 than it does £100," said Brian Tora. This is reflected in the size of portfolio that City bro-

Pacific and Phillips and Drew, acquired by the Union Bank of Switzerland, moved out of private client stockbroking altogether.

Fred Carr, chief executive of WJ Carr (Investments) Ltd, blames the influx of international companies for higher salaries to good brokers. "By throwing open the market, fancy salary scales were introduced, for example, by Japanese and American houses coming in. Salary costs are by far the largest proportion of a brokerage house's costs."

A parallel move to raising the minimum portfolio size has been the switch to annual fees, rather than just dealing commissions. Being reliant on commission income makes brokers vulnerable to sudden declines in stock market activity, as happened after the 1987 crash. Fees, besides bringing a regular income, also fit in with most brokers' aim to reposition themselves as all-round investment managers, rather than simply share traders.

The larger institutions deny that the private investor lost out in Big Bang. They point out that Big Bang has made the management of pension and insurance funds easier, more efficient and more competitive, leading to an indirect benefit for the private investor. This may be small consolation to the smaller shareholder in search of old-fashioned service.

Many stockbrokers still target modestly wealthy clients who want personal advice. The difference is that they tend to do it from lower-cost office space outside the City, and to charge fees for a service.

* Figures from the London Stock Exchange's forthcoming quarterly, *Quality of Markets Review*, to be published in November.

How deals became cheaper

through intermediaries. It underlines the Stock Exchange's conclusion that "the privatisation programme has widened but not deepened share ownership. Indeed the last decade has seen relatively little progress in developing knowledge of the stock market amongst individuals."

Nevertheless, if Big Bang had not happened, the new private shareholders would have had to deal through private Stock Exchange broking firms. The reforms cleared the way for a range of new low cost dealing services.

Barclays Bank and Midland were among the first to set up share dealing operations, while telephone and postal dealing services also offer execution-only services at lower rates. The Share Centre has a minimum charge of £12.50 on execution-only deals and Sharelink, which is 65 per cent owned by British Telecom, charges £12.50

for its postal service and £20.00 for telephone dealing.

London brokers never excelled as innovators or managers. Those that tried to set up "share shops" for the new class of shareholders, such as Quilter Goodson, failed. New thinking from outside the traditional stockbroking world has helped to create the new services now on offer.

The process is only half complete. Share-dealing in London is still slow and expensive. The results can be disastrous - most notably in the case of Diamet Stockbrokers, a new style deal-only stockbroker which collapsed in the spring. Diamet was so successful at attracting privatisation investors that it became swamped by the administration.

Until administration becomes automated, such problems could recur. And when brokers fold, there is less protection than there was before

Big Bang. The Stock Exchange's compensation fund used to pay out up to £250,000. The new compensation scheme, introduced in 1988 as a result of the Financial Services Act, pays out a maximum of £48,000 per investor.

Automated settlement at the Stock Exchange, is still some way off. The exchange has just announced a further delay,

from next May to April 1993. The system, known as Taurus, is not designed primarily with private investors in mind. Like the reforms of 1986,

In the short term, private investors, other than those dealing in very small amounts, are likely to see dealing costs go up to pay for the huge investment brokers are making in Taurus.

*Stock Exchange Quarterly, April-June 1991, page 21.

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FTD5

Trust funds flow in

FOR THE first time in 20 years there has been a net inflow of funds to investment trusts this year. But, says Robin Angus, an analyst at County NatWest Wood MacKenzie, a Labour government would be "a catastrophe" for the booming investment trust industry, causing it to reverse much of the growth of the past decade.

Angus presented his conclusions at a seminar to launch County's annual investment trust industry review. He pointed to Labour's expected abolition of Personal Equity Plans which have fuelled retail demand for investment trusts, as M&G recently spectacularly demonstrated.

Labour's proposed tax increases for higher income households would siphon off cash that goes into investment trusts. Angus predicted that individuals would respond to Labour's tax changes by either electing the safety of building societies, or choosing high-risk specialty investment trusts, thus encouraging the demise of mainstream, general purpose trusts.

Meanwhile, Angus said that

in 1991 the investment trust sector experienced a net inflow of funds for the first time in 20 years. With the launch of four new trusts still waiting in the wings, net inflow for the year will be £800m.

The County NatWest annual report, prepared by Angus and Hamish Buchanan, the City's two most prominent industry analysts, notes that the growth has largely been powered by the growing interest of retail investors, rather than the traditional institutional buyers. "Increasingly, it is a retail business, and not a wholesale business," however, the increasing emphasis on retail raises some concerns.

Angus and Buchanan point to three pitfalls in investment trust structure which retail investors must be wary of and which salesmen must point out to clients. These are:

- The "far-from-ordinary-ordinary-share". Although it is called an ordinary share, its owners in fact have the lowest claim on the trust's equity. While there is nothing inherently wrong with this structure, retail investors naturally assume those who own products labelled "ordinary share"

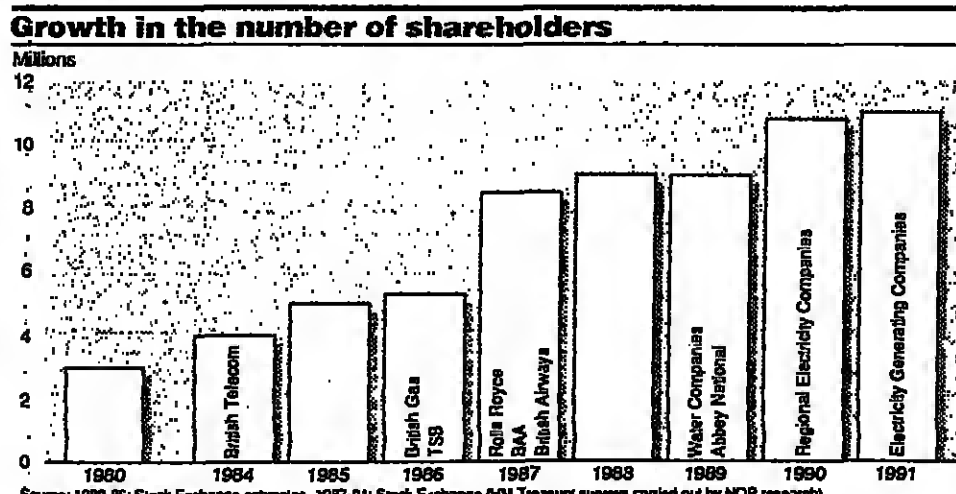
are in fact the chief proprietors of the trust.

■ The "vanishing income share", again a misnomer because the income stream over the security's life entitles the holder to receive, say, only a penny to the pound at redemption, rather than the full pound initially invested. While there is nothing wrong with such securities - indeed, they are likely to be a good buy for those who need losses to offset capital gains on other investments - investors can easily be misled. Instead, the report urges that these securities be renamed "annuity shares" or "dividend shares".

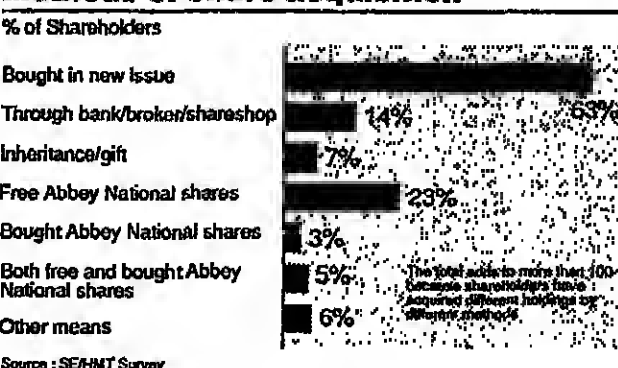
■ The "first-class ticket booked in advance" - under which trusts offer a highly attractive class of prior charge security to investing institutions before the trust is even presented to the public. "Individuals are effectively underwriting the institutions' portion of the trust," Angus said.

If you are a private investor investing in investment trusts it is obvious you are in good company, but look out for those pitfalls.

Norma Cohen



Methods of share acquisition



FINANCE & THE FAMILY

The trouble with Tessa is...

TESSAS (Tax Exempt Special Accounts) seem such a good idea. Not the least of their advantages is that they are meant to be transferable. If you are unhappy with the interest you are getting from one account, you can move your Tessa to another bank or building society. But this does not always work out in practice.

Tessa operators stipulate their conditions for transfer to another institution, but none tells you, unless specifically asked, that they will not accept transfers. The Halifax, the UK's largest building society, for example, allows a transfer to another operator for a £10 administrative fee, but it will not accept a Tessa.

This is bad news for consumers - if Tessa providers know you cannot go elsewhere once you are locked in, there is nothing to stop them cutting interest rates further.

One of our readers who has a Tessa with the National Westminster Bank, writes: "I want to transfer my Tessa account to the Halifax Building Society, which is paying a higher rate of interest. However, I have been told by the Halifax that it does not

accept transfers of Tessas. "If I want a Halifax Tessa, I would have to close my Tessa with the National Westminster bank, pay income tax on the interest earned and then open a new Tessa with the Halifax. I had understood that Tessa accounts were transferable but, it would seem that once you have opened a Tessa, then you are stuck with that institution."

The rate of interest on the Halifax Tessa is 11.65 per cent compared to the National Westminster's 10.5 per cent. Our reader is lucky that NatWest imposes no penalties for a transfer, compared, for example with National & Provincial's £50 administrative fee or Barclays Bank's draconian deduction of all interest on the Tessa if it is transferred in its first year.

Mark Hemingway, for the Halifax, says the main reason the society does not accept Tessas is because the demand has not been there, though Halifax is reconsidering its position. The Abbey National does not accept Tessa transfers either, saying that the administrative procedure is so cumbersome that "it would not be cost-effective".

To be fair, there are complications in arranging for a Tessa transfer, though

these can be equally complicated for transfers out. Acceptance from another operator requires the new bank or building society to obtain details of the payment history of the Tessa, particularly the date when the Tessa was first taken out, since there is a £3,000 maximum on the amount that can be put in during the first year.

"There is a lot of hassle. Tessa came in with a bit of a rush," says Adrian Coles of the Building Societies Association. However, the statutory requirement that Tessas be transferable was precisely aimed so that "you could not just lock people in," he says.

The Skipton building society also does not accept Tessa transfers. "We would have to put a record of every single transaction into the Tessa on our records. This would be very time-consuming," said David Charlton for the Skipton. "The number of those not allowing transfers in is small and we are one of them."



However, Charlton points out that instead, the Skipton imposes no penalties for a transfer out. "If we were not going to accept them in, then we decided we should let them out with the minimum of fuss."

It is the Inland Revenue which requires Tessas to be transferable. "An account holder has the right to transfer their Tessa funds to another operator. However, we cannot force operators to accept cash if they do not want to," says the Revenue.

Nobody yet seems to have realised that this has allowed some of the big institutions, which dominate the market, to avoid all the costly directed requirements in the legislation. Yet the Woolwich, Leeds Permanent and Nationwide Anglia all accept Tessas from other operators, as do National Westminster, Barclays, Lloyds and Midland banks.

By contrast, Halifax and Abbey National are going against the spirit of the legislation. By turning Tessas away, they are making a nonsense of the government's requirement that Tessas be transferable.

Scheherazade Daneshkhu

Father favours son over caring daughter

Risky business

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ANNOUNCEMENT

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BEST RATES FOR YOUR MONEY

Account	Telephone	Notice	Minimum	Rate	Int. paid
INVESTMENT A/Cs and BONDS (Gross)					
Southdown BS	0273 471871	Instant	£1,000	11.50%	Yly
Bradford & Bingley BS	0345 247247	Instant	£1,000	11.50%	Yly
Northern Rock BS	081 285 7191	60 Day	£50,000	11.81%	Mly
North of England BS	091 555 6272	60 Day	£25,000	12.00%	Yly
Lancashire BS	081 843 1021	2 Yr	£25,000	12.50%	OM
Chelsea BS	0800 272505	2 Yr	£5,000	12.20%	Yly
Chelsea BS	0800 272505	31.12.93	£10,000	12.50%	Yly
TESSAs (Tax Free)					
Allied Trust Bank	071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS	0732 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS	071 926 1351	5 Year	£12,000	13.00%	Yly
Darlington BS	0825 487171	5 Year	£12,000	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA 031 555 8235	Instant	£1,000	9.00%	Yly
UDT	0734 560 411	Instant	£1,000	9.00%	Yly
Chelsea BS	0242 521391	Instant	£10,000	10.70%	Yly
		Instant	£25,000	11.20%	Yly
Northern Rock BS	Current Acc 081 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)					
Portman Channel Islands	Channel Isls Acc 0481 822747	Instant	£1,000	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold 0481 715422	Instant	£10,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 50 Day 0624 663388	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra 0481 719898	180 Day	£50,000	12.25%	Yly
Bradford & Bingley Douglas	Max Ind Bond III 0624 662883	1 Year	£25,000	11.78%	Yly
GUARANTEED INCOME BONDS (Net)					
Hambro Guardian FN	0800 262536	1 Year	£5,000	8.50%	Yly
Centenary Life FN	0227 457375	2 Year	£5,000	8.75%	Yly
Financial Assurance FN	081 367 6000	3 Year	£5,000	9.00%	Yly
Financial Assure FN	081 367 6000	4 Year	£5,000	8.80%	Yly
Financial Assure FN	081 367 6000	5 Year	£5,000	8.65%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)					
Investment A/C		1 Month	£5	10.25%	Yly
9.50% WEF 29.10.91					
Income Bonds		3 Month	£2,000	11.00%	Mly
10.25% WEF 28.11.91					
Capital Bonds C		5 Year	£100	11.80%	OM
NAT SAVINGS CERTIFICATES (Tax Free)					
38th Issue					
5th Linked		5 Year	£25	8.50% + Inflation	OM
Childrens Bond F		5 Year	£25	11.84%	OM

All rates (except Guaranteed Income Bonds) are shown Gross. Gross Equivalent Rate: Fixed Rate (All other rates are variable). OM = Interest paid on maturity; Y = Net Rate; M = Bond. Source: Moneyfacts. The Money Guide to Investment and Mortgage Rates, Whitehouse House, Eastham, Norwich.

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FINAL DIVIDENDS

Company	Announcement due	Dividend (p)	
		Last year	This year
		Int.	Final

FINAL DIVIDENDS			
B&B Design Group	Friday	2.1	
Bolton Group	Monday		
Cooper (Frederick)	Wednesday	1.5	2.5
Cowan de Groot	Wednesday	1.25	
Essar Furniture	Wednesday	1.0	1.0
Harmony Leisure Group	Tuesday		
Leveraged Opportunity Tel.	Wednesday	2.5	8.25
Lowland Investment Co.	Monday	1.55	5.25
Lowland & Co. (Continental)	Thursday	1.0	1.0
TR Far East Income Trust	Monday		

INTERIM DIVIDENDS			
Abnott New European Inv Tel.	Wednesday		0.85
Accom Computer Group	Tuesday		
Allied Provincial Securities	Monday		
Alpine Group	Wednesday		
BOA Holdings	Friday		
Blackie Leisure Group	Monday	1.0	2.25
Bradford Property Trust	Tuesday	1.7	2.0
British Telecom	Friday	5.25	8.05
Channel Tunnel Investments	Monday		
Cook (William)	Monday	5.0	9.0

How to... write a will

The last, careful word

ANYONE who reads Agatha Christie will know about the drama of reading the will. Gaps and shrieks are heard from assembled relatives as great aunt delivers a last act of vindictive spite from beyond the grave.

Sadly, wills written with the most benevolent of intentions can give a surprise just as unwelcome. And wills which remain unwritten can be the hardest cut of all. Intestacy rules are harsh, particularly if your nearest loved one is not officially your spouse.

For all these reasons, it is vital to have an up to date will, but according to Gallup, only 38 per cent of parents, and 31 per cent of all adults, have written a will.

That explains why next week is Make A Will Week. The Law Society, the professional organisation for solicitors, will be staffing stands in 80 branches of the Safeway supermarket chain for the week in an attempt to persuade the public to get its affairs in order.

It is best to break down writing the will into the different tasks which must be performed:

- Appoint executors, and guardians for any children;
- State who is to inherit your property; and
- Prescribe powers for your trustees.

The first of these should be quite straightforward, if you

have only one or two beneficiaries, you may give them the job of cutting through any red tape by appointing them your executors. If your will is more complicated, and there is a chance of dispute, you could name trustworthy friends to do the job. You can appoint professionals - solicitors or accountants - but it is probably worth leaving your beneficiaries free to bring in specialist help only if it is necessary.

The other two decisions are more awkward. You have to assess how much you are worth as precisely as you can. This can be a useful exercise in itself: you might realise that you should step up your savings, or pension contributions, for example - or that you can afford a round-the-world trip after all.

Who receives what must remain a personal decision. An important point is whether children or grandchildren should be left money in trust to a certain age. This requires careful documentation.

Also, think carefully about any sentimental belongings. You need to describe these clearly.

Establishing the powers of your trustees is a more subtle area than many realise. For example, if you grant trustees the power of appropriation they can divide a property between beneficiaries by giving specific items, not money.

You can also allow them to invest your money as they see

fit while it is in trust, opening up the chance of increasing or diminishing the bequest you finally make.

Trustees can also be given variable degrees of discretion over how much money children should receive, and when. In English law, trustees can advance all the income and half the capital to children before they inherit. You can give them the power to advance all the property.

Finally, there is the issue of charitable giving. Bequests are a vital source of income for charities, which are strongly promoting Make A Will week. The Royal National Institute for the Blind, for example, has enlisted the help of Brian Johnston, the cricket commentator, while Notional Children's Homes has Lord Tonypantry, formerly Speaker of the House of Commons, as its patron. Claire Rayner, a novelist and "agony aunt". All of these charities have produced booklets on will-writing.

Charitable giving has the considerable advantage of being immune from inheritance tax. Even if you have a high estate, you can be sure that your every penny will find its way to a good cause.

The Charities Aid Foundation provides a useful service for those who may not be sure which charities they want to favour, or whose preferred charities change over time.

You can avoid having to make amendments and codicils

to your will by leaving a sum to the CAF's legacy account. This is then administered according to specific instructions. CAF will be legally bound to follow the last instructions you send them, but this involves simply writing a letter.

The final advantage is that charitable trustees can adapt your wishes to a changing world as they would contribute to the relief following each natural disaster, if you so wished.

To whom should you go to draft the documents? It is almost certainly best to play safe. The legal documentation is not complicated, but the potential penalties for small mistakes are so great that there is no point in trying to cut corners. That means using a solicitor, if you can bear to do so. It may be worth "shopping around", and asking for personal recommendations. Even solicitors can make mistakes, and prices vary widely.

In a survey earlier this year by Which? magazine, charges ranged from £17.75 to £51.75 for drawing up an identical will.

The balance is tipped more firmly in favour of solicitors if your estate is well above the threshold for inheritance tax (currently £140,000). There are charges for will-writing services, but a detailed will is probably integral to all of them.

You could also go to banks, although they usually insist on



being named as executors. The price for this can be 5 per cent of your estate or more, according to Which?. Otherwise, charges vary from Northern Bank, which will write a will free, to Lloyds, which usually charges between £50 and £75.

Specialist will-writing services are available. Which? found that some were as good as solicitors, while others were

inadequate. While this sector remains unregulated, it is probably wiser to trust a solicitor.

A final option you might consider is to go to a life insurance company. Nine insurers offer a will-writing service. Charges vary from Premium Life (£12.50), to MI Group (£46.80). These companies' motives may not be wholly

altruistic - if you need a will, you are probably also in the market for life insurance, pensions, IHT planning and other products carrying a fat commission. You might have to resist some hard sell.

■ Details of the Charities Aid Foundation Legacy Management Centre from Couch & Horses Passage, The Pantiles,

Tunbridge Wells, Kent TN25TL. 0892-512244. ■ The Consumers' Association publishes several books. Details from a Marylebone Road, London, NW1 4JX. ■ Free fact sheets, and advice on solicitors in your area, from The Law Society, 50 Chancery Lane, London, WC2A 1SX.

John Authors

Expatriates

First, the good news

UNCERTAINTY on a high pensions issue should end for a growing number of current and former expatriates after a statement from the Inland Revenue. But not everyone will be pleased.

It concerns the UK tax treatment of lump sums receivable as a result of the transfer to the UK, wholly or in part, of pension rights arising under overseas schemes.

Before July 26 1989, the position was fairly straightforward. Benefits were taxable under Section 143 of the 1988 Taxes Act, or "golden handshake" rules, relief being provided by Section 188 in cases where service had occurred overseas.

There was total exemption where the period of foreign service fulfilled one of the following conditions:

- It accounted for three quarters of the whole period of service down to the relevant date;
- It had continued for more than 10 years, including the whole of the last 10 years; or
- It had exceeded 20 years, one

half of that period including any ten of the last 20 years.

"Relevant date" means, broadly, the date on which retirement takes place.

Anyone whose overseas service failed to meet any of these criteria was still entitled to a £30,000 deduction. In addition, that proportion of the balance relating to overseas service, was exempted.

workers which could be taken into account when determining their tax relievable pension provision. Section 596A was meant to take place the liability would attach to the benefits of non-qualifying top-up schemes, whether pension or lump sum, when they were drawn.

However, British legislation must be construed not according to what Parliament meant

to do, but what the words of any Act of Parliament actually mean. The Inland Revenue's legal advisers said these particular words not only struck their intended target, but extended to lump sum commutation benefits from overseas pension schemes as well. So we had the farcical situation of payments potentially taxable under Section 143, exempted by

Section 188, brought back into charge by Section 596A.

The solution is broadly to repeat, in a re-cast extra-statutory concession A10, the provisions of Section 188. There is also proportionate exemption for those with lesser periods of overseas service. Benefits from certain UK-based schemes for overseas workers are exempted.

This is well and good for those whose benefits will continue to be totally exempted from tax. But there has not been a complete return to the status quo.

For one thing, the provisions of Section 188 were years by right if you were within the section. Extra-statutory concessions are under the control of the Inland Revenue and may be withdrawn if the Revenue feels you are using them for tax avoidance. For another, those only entitled to proportionate relief will not get the benefit of the former £30,000 exemption.

And there is more. The Inland Revenue will, no doubt, have been glad of the opportunity to get rid of the previous ESC A10 which stated:

"Income Tax is not charged on lump sums referable to service overseas and receivable by employees from overseas Provident Funds (or under arrangements analogous to those of such a fund) on termination of employment overseas." (Provident funds are employee benefit schemes which provide lump sum benefits only on termination of employment.)

As concessions go, this was gloriously vague and caused the Revenue a good deal of trouble. A result of its elimination is that those whose retirement benefits are in the form of provident funds must look to the more specific concession to gain exemption.

But there were many others who could previously take comfort from the thought that the benefits they were receiving might well be "under arrangements analogous to those of such a fund".

It is odd that golden handshake rules are subject to no territorial limitation. Commutation payments worldwide are technically taxable and can only be excluded in terms of Section 188. So what happens if your retirement, after a period of service in the UK, takes place overseas and you commute your pension there?

The Revenue's view is that, unless Section 188 exempts you, you are liable to tax. Indeed, if the payment comes from a UK company, the company will be required to deduct tax in the first instance. But if your employment was with an overseas organisation and you remain abroad, the Revenue will have no powers to tax you. If you retire to the UK, it is at arguable that it will.

The Revenue has declined to comment on its enforcement procedures in such cases. Is assessment following retirement to the UK discrimination, if someone who stays abroad goes free? Such discrimination would be contrary to the Taxpayers' Charter. These matters are still clouded by the dense verbiage of the Revenue. Meanwhile, the only safe course is to assume the worst.

Donald Elkin is a Director of Wilfred T Fry Limited of Worthing, West Sussex.

Donald Elkin reports a clarification of a former point of dispute and uncertainty with the Inland Revenue

Directors' Transactions

ENTERPRISE Computer Holdings, (formally Systems Reliability), has been a disastrous performer, falling from 75p to 8p this year. Robert Evans, the chairman and chief executive has invested £300,000 in shares over the past two weeks, increasing his holding by 75 per cent.

Albert Fisher Group, distributors of fresh produce, has been a poor performer of late with two directors increasing their holding since the release of final results.

Fears for the survival of Thomas Robinson appear to be overcome with all four directors buying. The directors had a tiny amount of shares before the purchases.

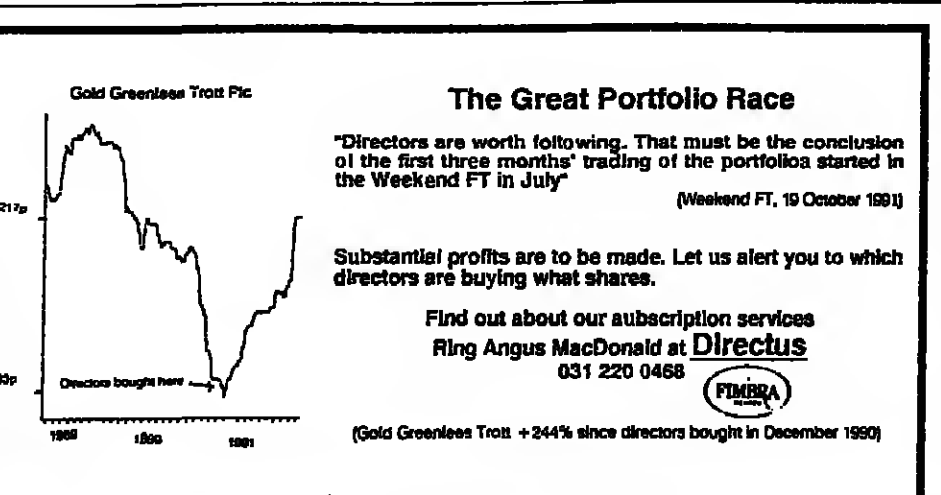
Sunset + Vine, an independent TV producer, has been understood that institutional demand for the stock initiated these sales. In the same sector, a Trillion director took a large initial holding in that company.

Stanley Cohen, joint chairman of Platinum, the stationery company, has sold the bulk of his shares. Cohen recently raised £3.9m by selling shares in Betterware Consumer Products of which he is a director.

Angus MacDonald, Directors Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)			
Company	Shares	Value	No of directors
SALES			
Abingworth	68,667	210	1
Aspen Callon	100,000	175	1
Blagden Industries	38,400	84	1
Central TV	1,000	20	1
Delta	12,500	54	1
Dowhurst "A"	30,000	11	1
Gates (Frank)	15,188	12	1
Harland Simon	55,000	373	1
Heywood Williams	23,105	70	1
El Inti	10,000	17	1
Platinum	48,000,000	960	1
PortermerionPotteries	5,000	12	1
Prosperity Sec. Int.	54,000	65	2
Real Time Control	25,000	29	1
Style	120,000	284	3
Sunset + Vine	750,000	1,200	2
Whatman	5,000	22	1
PURCHASES			
Abingworth	71,667	225	2
Assoc Nursing Serv.	27,541	23	3
Astec (BSR)	200,000	32	2
Enterprise Computers	1,300,000	130	2
Fisher (Albert)	75,000	69	2
Int'l IT Co Jersey	9,000	21	1
Kleon-e-zz	50,000	17	1
Ranikol	10,000	35	1
Robinson (Thomas)	337,500	37	4
Transfer Technology	2,000,000	96	1
Trillion	250,000	31	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (1st 14-18 Oct 1991). valued over £10,000. Information released by the Source: Directors Ltd, Edinburgh



When pensions rights go wrong

COMPLAINTS about pension rights and benefits trebled over the past year, according to the Occupational Pensions Advisory Service. At the same time the Pensions Ombudsman said he had received more than 1,300 complaints since he opened for business in April.

Last year, the advisory service reported 5,000 requests for help. The rise in complaints this year is largely recession-driven, since one of the most common disputes concerns members' rights when a business fails and the pension scheme is wound up. The DTI disclosed that during the past year one in 50 companies has gone to the wall, leaving an ever-increasing pool of vulner-

able pension-scheme members. The service, which runs a national network of 320 advisers available through the Citizens' Advice Bureau, adopted wider powers in April to tackle complaints from the 4.5m employees with personal pensions as well as the 10m in occupational schemes.

Next week, the organisation will publish a detailed interim report on its achievements during the first six months and will explain how it interacts with Michael Platt, the Pen-

sions Ombudsman. Under the Social Security Act 1990, the ombudsman has statutory power to give a binding ruling on complex disputes which the advisory service cannot settle through negotiation.

For the consumer, the pensions complaints system remains fragmented and unduly complex. Pensions solicitors Ellison Westthorp identified no less than 14 sources of help for pensions disputes. In many cases, particularly where the complaint

involves a personal pension, several authorities could be involved.

The Pensions Ombudsman admitted personal pensions were a "grey area" and said it would take time to sort out the precise remit of the different complaints bodies - in particular his own and that of the Insurance Ombudsman.

Meanwhile, the Pensions Register, another important service established this year, is still struggling to complete its data bank. The register offers a tracing service to employees to help track down pensions held with previous employers. This can be particularly difficult where a company has gone bust or been taken over.

Debbie Harrison

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FINANCE & THE FAMILY

Tax reform up Tory sleeves

WHAT do the Conservatives have in store for us in the next budget? Labour's plans for the tax system have come under exhaustive scrutiny over the last year, but the future under the Conservatives is barely any clearer.

While John Smith comes under further pressure to provide precise tax rates and thresholds in the next few months, Norman Lamont will go into "purdah" and refuse to tell anyone what he is going to announce in the budget. This could quite easily involve changes to thresholds, and tax rates.

John Major's speech at the Conservative party conference included an intriguing hint that he wanted tax measures to encourage "every family to save and own". What did he mean by this? The Conservative conference gave the following clues:

■ An income tax rate of 20 per cent is still in the offing, although the timescale for this is long - probably more than five years.

■ Inheritance tax will be reformed, through a substantial rise in the threshold before tax is payable; and

■ Saving will be encouraged.

It is hard to work out exactly what the Conservatives have in mind. The total amount which can be invested in a Tax Exempt Special Saver Account (Tessa) could be raised from its current £3,000, while Personal Equity Plans (PEPs) could be reformed.

But how radical will this be? Andrew Dilnot, of the Institute for Fiscal Studies, favours a move to Extended Personal Equity Plans (XPEPs), which would allow a much greater variety of savings vehicles to be held within the tax-free limit. If this even included fixed-interest deposits, sav-

ing could be strongly encouraged.

Although there is some evidence that PEPs are not solely a rich man's toy (Save & Prosper found that a majority of its PEP clients paid basic rate tax), this should greatly increase the number of plan-holders. It would also convert the PEP into a vehicle for expanding the savings ratio, rather than one for converting the masses to share-owning democracy.

As Bill Robinson, once director of the IFS and an originator of the idea, is now Lamont's special adviser at the Treasury, the XPEP looks as though it might have a future.

Conservatives are pondering the Budget. John Authers considers what they may do

The maximum limit for PEP investment in pooled funds, such as unit and investment trusts, might be raised to the same level as for direct equity investment. This would be a simple reform, for which the fund management industry has lobbied hard for several years.

The only obstacle to this is that Lamont is thought to have a strong preference for stimulating direct share ownership, as shown by the current "share shop" scheme for buying BT shares, and the move in the last budget to allow an additional £3,000 PEP holding in the shares of only one company. Moves which detract from strong incentives for direct equity ownership might not find favour.

This might point to some version of the

French "Loi Monory", in which investors can buy shares up to a certain threshold, say £500, completely free of tax. This is a more generous concession than the current UK PEP, as full tax relief is on offer. Thus, all of the money invested, up to the threshold, is deducted from taxable income, making it as generous as the current Business Expansion Scheme (BES).

The crucial point of the French scheme is that tax is payable if the shares are not held for at least five years. Penalties for quick sales encourage long-termism, which would benefit both individuals and the economy. Businesses need steady, patient money, while individuals need to be encouraged to save. And the move might also correct the misleading impression, fostered by privatisations, that equity investment is a short-term game.

In France, the rules acted mostly to stimulate collective investments similar to unit trusts. As this is one of the most sensible ways for many small investors to tap into the market, the idea seems all the stronger.

Whether the current government would be prepared to give away such a generous concession to anything other than direct equities is more of a problem.

And there is another problem. The time for a British Loi Monory would have come by now, if it was ever to come at all. A young Nigel Lawson, while in opposition, came up with a scheme similar to Loi Monory, according to Peter Wyman, tax partner at Coopers & Lybrand. Wyman, who strongly supports the idea, says that it has been widely canvassed before every budget in recent years, and the government seems set against it.

But the French scheme has echoes in a reform of capital gains tax that Labour's

back room boffins are currently considering. This would reduce the rate payable in proportion to the amount of time that shares had been held. If you had held on to your shares for 20 years, say, you would no longer have any tax to pay. Such a scheme would encourage long-termism directly, but might also add extra complexities to a tax which is already widely disliked.

Loughlin Hickey, tax partner at Peat Marwick McLintock, suggests that the hints on encouraging saving and on loosening the tax burden on inheritance are, in fact, the same thing. As he puts it: "There's no incentive to save and accumulate wealth during your lifetime if your life's labours are taken away from you at death."

As the 1990 budget was the budget for savers, Hickey thinks the 1992 budget could be billed as the budget for the next generation. There are problems with this argument - for example, the expectation of a big legacy later on might deter people from saving in their early years.

But there is another reason why accountants believe IHT reform is going to happen. As Hickey points out, a big rise in the IHT threshold is simple and cheap to administer.

It takes plenty of people outside the remit of the tax altogether, which saves paperwork, minimises new legislation, and does not cost the Exchequer all that much. Meanwhile it makes a comprehensible political point.

The government might not fancy inventing another new financial instrument, and explaining it to the voters, at this late stage in the electoral cycle. But there is little to stop them altering inheritance tax.



John Major in enigmatic mood: it is anybody's guess what he means by tax measures aimed at encouraging 'every family to save and own'

SMALL self-administered pension schemes (SSASs) sound rather frumpish. They certainly do not sound like a vehicle for leveraged financial deals.

However, directors can gear up an SSAS by borrowing to buy a particular property, such as a company's own office, factory or chain of shops. Inland Revenue regulations, effective since August 8, limit trustee borrowing to a total of 45 per cent of the market value of the scheme investments (at the date the loan starts) plus the equivalent of three years' contributions. Inevitably there are caveats on how "contributions" are defined.

To take a straightforward example - a director either changes job or leaves his old scheme to set up a new SSAS, and starts with a £100,000 Transfer Value (TV). His first year's contribution is £30,000, following the recommendation

of the scheme actuary for the first three-year period. In year one, the scheme therefore has assets of £130,000.

Thus it can borrow a total of £148,500, being the total of £130,000 (45 per cent of £130,000) plus £18,500 (3 x £30,000). It can therefore set its sights on a property purchase costing between £250,000 and £275,000.

When a scheme has been in existence for three years or more, calculating three years' contributions is simple if the employer has paid what the actuary recommended. But, if the employer has paid less, the Revenue bases the borrowing limit on what has actually been paid and, if more has been paid ("special contributions" in the jargon), the three-year figure can be pushed up.

In a new scheme the Revenue will permit three times the recommended annual rate so long as the employer pays this rate in year one. If he pays less then it will be three times the

Small, but not frumpish

lower amount paid in year one.

If the director pays contributions to the SSAS himself (other than Additional Voluntary Contributions) then they can be included both in the assets and in the contributions for determining borrowing limits. As the pension fund is tax-exempt, the interest on borrowing cannot be offset against tax.

If the SSAS is buying property from the company in order to lease it back, my solution wherever possible is to split the property into tranches and for the fund to buy only what it can afford. If then agrees with the company to buy successive tranches out of future contributions and rental income. The company, if necessary, can then seek as high a



mortgage as possible on the part of the property which it still owns outright, and charge its interest payments against profits.

Split-ownership demands

Then, the company would need to agree to sell the property if the trustees needed the money to pay benefits, or a transfer value.

Trustees also normally need to agree to sell a property if the company needs to move to other premises, or if it has to repay its loan. Lenders normally insist on this.

When the SSAS itself borrows, it is important that the commercial mortgage or similar charge agreement issued by the lender does not make the trustee directors "jointly and severally liable" for the loan. The liabilities of the trustees should be limited to the assets of the scheme.

It can be a long hard battle to achieve this. Lenders' awareness of the needs of cli-

ents leaves much to be desired. And we still see draft conveyances which list the trustees individually and describe them as "the purchaser" of a property without stating that they are acting as trustees of the XYZ Pension Scheme.

Regardless of these problems property has been, and is likely to remain, one of the most popular investments for a SSAS and gearing up by borrowing can be a good proposition for trustees confident that the property market will recover and who are well advised.

The new Revenue regulations tip the balance more firmly in favour of property. A new SSAS receiving a large transfer value from another employer's scheme cannot use the TV to lend back to the company. It can only provide loan finance up to 25 per cent of new contribution income. But a new SSAS can invest the whole of the TV plus virtually all new contribution money in

a property which it can buy from the employer - hence giving a large cash injection which could valuable in these troubled times.

Short-term borrowing may also be helpful for a mature scheme where a director retires or leaves service. If the scheme would not have sufficient liquid assets to pay retirement benefits or a TV, it can avoid selling the property while the market is down by borrowing. Alternatively, it may expect to pay off a loan with the future contributions of the remaining directors.

In a mature fund holding substantial assets the 45 per cent current asset figure will usually be high enough to give the trustee plenty of flexibility.

Dryden

Gilling-Smith

Dryden Gilling-Smith is managing director of Employee Benefit Services

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Gold may glister once again

THE GLISTER of gold prices rising may prompt private investors to look again at the prospect of putting money into the precious metal.

The gold market is in an upsurge because it seems possible that the former Soviet Union's reserves of the yellow metal are much lower than most western analysts previously estimated.

As recently as 1988, the US Central Intelligence Agency said the Soviet gold reserves stood at 4,500 tonnes. No wonder there has been extreme scepticism about claims by Grigory Yavlinsky, a young economist who is effectively the Soviet deputy prime minister, that the reserves stand at only 300 tonnes. He says another 300 tonnes is held by foreign banks as collateral for loans.

It is not that analysts do not believe him. They simply do not believe he has seen all the right statistics.

But most agree that Yavlinsky's pronouncements should be bullish for the gold price, which, in US dollar terms, is languishing at its lowest level for more than five years.

The gold market was worried about the prospect of huge quantities of gold being dumped unceremoniously by the Soviet republics in their desperation for hard currencies. However, "Now it seems the Soviets have only hundreds, not thousands, of tonnes of gold in reserve, which does not leave much for them to sell," says Andy Smith, analyst for the Union Bank of Switzerland.

This is only one of the factors pointing to higher gold prices, according to Michael Coulson, analyst with the Dunlop West financial services group. Gold production is stabilising and might fall from 1993 onwards because worldwide total production costs have risen close to the present market price. It seems that in 1991, for the third year in succession, the amount of new gold mined will not keep pace with demand from jewellery manufacturers.

There is also a lack of incentive for producers to sell forward and depress prices. You must conclude, he suggests, "the gold price has only one way to go - up."

Probably the biggest bull of gold is Sir James Goldsmith, the Anglo-French financier, who fears a meltdown of the US financial system might devalue the dollar and send people clamouring for gold. He says he cannot predict whether it will happen this year or next - but gold will have its day again.

Cynics would suggest he would say that because Sir James has more than \$1bn of his personal wealth invested in Newmont Mining, the biggest gold producer in North America. Others would say he has backed, in a spectacular way, his conviction that gold's price is due for a strong rise.

Like Sir James, most private investors buy shares in gold producing companies when they feel that gold is due to soar or put money into specialist gold funds, which also invest in gold shares. But suppose these "proxies" for gold fall to attract and you would rather own some of the metal itself? In Germany and Japan there are some "gold savings plans" where investors put up a fixed sum each month.

However, most UK unit trusts are forbidden by law from buying physical gold and most other investment funds have this restriction imposed by their articles of association. The exceptions are Futures and Options Funds and Certain Futures and Options Funds which are able to buy gold up to 10 per cent of the value of their funds. It appears that no organisation has yet taken advantage of the relatively new change in the rules - none of these "futures" funds has been launched so far.

What about a few bars or coins, which used to be a popular way for private investors to hold physical gold? Unlike gold jewellery, which usually is a bopese investment because of fabrication, wholesale and retail mark-ups, coins and bars carry small premiums on the cost of their gold content, typically between 3 and 7 per cent.

But UK investors who want to have the thrill of running gold through their fingers in the time-honoured fashion, have to pay Value Added Tax, currently 17.5 per cent, to take delivery at home. (This cannot be reclaimed when the gold is sold.) Gold coins used to be free of VAT in the UK because

it was argued they were legal tender. Gold bars did attract VAT and some naughty people spotted there was a quick profit to be made by melting down coins, turning them into bars and pocketing the VAT. By 1982 the UK authorities had had enough and the tax was imposed on coins as well.

The consequences have been enormous. The imposition of VAT virtually killed off investment by private individuals in physical gold in the UK. Today a private investor has tremendous difficulty trying to find

country on level pegging with Greece and Luxembourg, which give gold transactions a zero rating. Belgium levies only 1 per cent, Portugal 3 per cent, the Netherlands 5 per cent, France 6 per cent and Germany 14 per cent. Only Italy, with 18 per cent, Denmark, 22 per cent, Ireland, 23 per cent and Spain, 33 per cent, charge more in VAT than the UK.

There are other deterrents, apart from VAT, to investment in physical gold. No interest is paid on the cash invested,

Ken Gooding explains why a precious metal could be making a comeback with investors after years of being out in the cold

someone to deal with if gold bars or coins are on the shopping list. All the big bullion houses have dropped out of the business and will only look after long-standing private customers.

However, the World Gold Council, a promotional organisation financed by the producers, can provide a short list of organisations which still offer to deal in physical gold. (The council is also lobbying strongly for the removal of VAT on physical gold in Britain. That would put the

there are storage and extra insurance costs; there is a currency risk because gold's price is denominated in dollars. Gains on its price will often be offset by losses on the dollar.

But the main reason gold has fallen out of favour with private investors is that it simply has not lived up to its reputation of being "a store of value" over time. Gold has given up about 70 per cent of its value in real terms over the past 10 years, which has taken away much of its appeal.

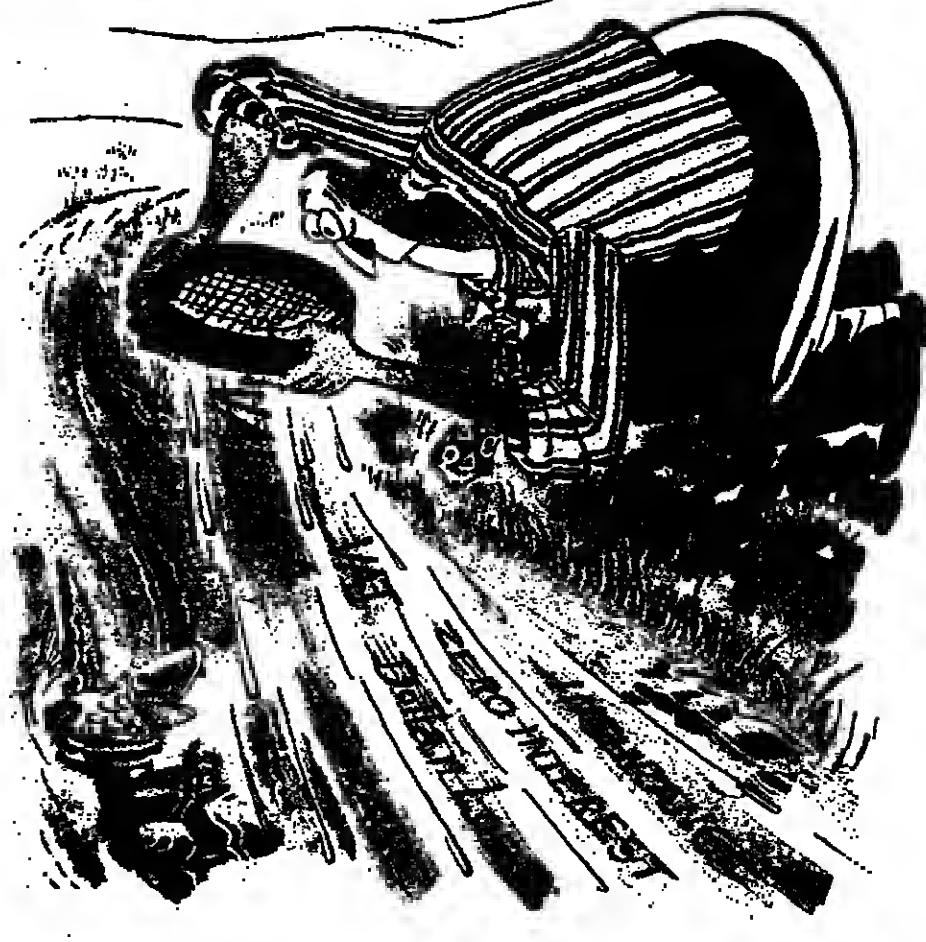
The first Middle East crisis

in 1979 sent the gold price racing up from \$500 a troy ounce to \$800. Since then the trend has been steadily downward and gold has fallen back to about \$350 an ounce. It failed to react in the expected way during crises such as the collapse of stock markets in 1988, the Gulf war, political upheavals in South Africa, the biggest gold producer, and convulsions in the former Soviet Union, previously the second-biggest.

If none of that pushed the gold price up, what on earth will Sir James Goldsmith suggest a collapse of the US banking system might do it, but many others do not see such disasters on the horizon.

"It is exceedingly difficult to find any significant factor that could provide a lift to the gold market," says the Metals & Minerals Research Services consultancy group in its latest analysis. MMRS has been right more often than most during gold's fall from grace. Now it suggests the gold price will continue to weaken slowly, reaching \$320-\$330 an ounce towards the end of this year. In 1992 the price might recover, says MMRS, and move up to \$360 an ounce at some stage. In other words, MMRS believes the gold market will be even less exciting in the foreseeable future than in the past two dreary years.

*World Gold Council, 8 Haymarket, London, SW1T 4BP.



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Unit trusts in the spotlight

UNIT TRUSTS are back in the news. Although investment trust launches, some by companies such as M&G and Fidelity, have bogged the limelight, unit trusts launched this week revived interest in the sector.

■ Sanwa International, of Japan, made the most startling move by launching ten trusts. The bank had decided against investment trusts because of the "discount risk". Investment trusts often trade at a discount to their net asset value, unless demand for them is very buoyant. As Sanwa is little known in the UK, the bank felt there was too great a risk that shares in any new investment trust would quickly move to a discount.

Whether this meant that Sanwa had to launch ten unit trusts is another matter. There is a broad geographical spread - you can invest through Sanwa in UK Equities, UK Growth, International Equities, International Bonds, American Growth, American Smaller Companies, Japanese Equities, Japanese Smaller Companies, European Growth, and Asian Growth (which will invest in Asia excluding Japan). However, it is hard to make a case for investing with Sanwa until it has established a track record. This explains why the launch has been low key. The trusts are going at first only to institutions and a few big firms of intermediaries.

No personal equity plans (PEPs) or savings schemes are yet available for the Sanwa trusts, which suggests that you should wait to see how they perform. However, the international slant of the launch has some allure. Sanwa is one of the biggest city banks in Japan, and ought to be able to pick good stocks there. It also hopes to pick stocks successfully in the rest of the Far East, and in North America.

Sanwa is charging standard prices - 5.5 per cent initially, plus 1.25 per cent annually thereafter. Minimum investment is £500, and during the offer period, which lasts until November 11, there will be a 1 per cent discount, available in extra units. ■ If you are set on Europe, rather than the Orient, then a new launch by Prolific will be more interesting. Prolific's European Growth trust, launched on November 22, will invest for growth. There is a 1 per cent bonus, in the form of additional units, during the

launch period until November 8. Minimum investment is £500, with an initial 5.25 per cent charge plus an annual 1.25 per cent management charge.

Prolific is also reorganising existing funds. The current growth & income fund will be relaunched as an income unit trust. The hope is that the average yield of the stocks it holds will increase from 2.4 per cent to 4 per cent.

Discounts are available for those switching from the old fund into the new growth unit trust. Prolific is hoping that the time is right to capitalise on the emerging capitalist.

Finally, Exeter Fund Managers are launching two trusts to small investors previously only available to institutions. The Exeter Capital Growth Fund (EXCAP) allows investors to benefit from the baffling new breed of split-capital investment trusts which has been attracting attention recently. Capital shares receive all the growth from an investment trust's fund, while income shares pay out higher dividends. This effectively produces "geared" capital growth.

Previously Exeter has devoted more energy to marketing two other split-capital investment trust funds - EXHIT, which invests in income shares, and EXZERO, which buys zero-dividend preference shares. Now, Exeter believes the story on capital shares is the most exciting.

The argument is that the interest in income and zero shares in the last year has left capital shares lagging behind the rest of the market, creating a big discount. Prices should rise significantly, therefore, to compensate for the current discount. Exeter quotes research by Warburg Securities in support of this reading of the market. However, it is important to bear in mind that the gearing involved makes these investments inherently more risky than most unit trusts.

Exeter is also offering a less mind-boggling fund of investment trusts, aiming simply to tap a geographical spread of stocks, aiming for growth.

Both are relaunching with a 2 per cent discount, which will be available from October 30 to November 22. Minimum investment is £1,000.

John Authors

SPORT/MOTORING

Press review

A new order? It's not cricket

A WORD one sees often in the Indian press these days is "globalisation". But this does not mean that India has wholly joined the global consensus in fact, the world looks a different place when seen from here.

Anti-western attitudes persist even in what is a sort of Bombay *Financial Times*, in a column in the *Business and Political Observer* entitled "The new world disorder". Nirmal Goswami argues that there can be no "Pax Americana". The Middle East, south Asia, Africa and South America remain mired in strife. "The Kremlin coup of August 19 undermined the authority of Mikhail Gorbachev and hastened the disintegration of the Soviet Union. A major result was the loss of George Bush's most influential ally."

The real proof of American weakness came in the Gulf War, "it took 75 per cent of America's tactical aircraft and 40 per cent of its tanks to defeat a country which, economically, is no richer than Portugal. This was made possible by pledges of aid of \$53.5bn, itself probably more than the cost of the war, by America's allies."

The lesson for India is that American patronage reflects no more than the loss of India's closest ally, the Soviet Union. The implication is that the country must be careful about where it should fly when spreading its wings. The conclusion: "Only Japan will be open for business."

□□□
The language of political debate in the Indian press is probably unique in the developing world. The much admired Asian economic "tigers" offer dreary political spectacles by comparison. A profile of a Congress(I) candidate in the forthcoming round of by-elections, which appeared in the *Indian Express*, a paper close to the right-wing Bharatiya Janata Party, was headed "Loyal Lackey". One paragraph ran: "Satish Sharma's best friends would call him an intellectual. Nor would they say he is exactly a teetotaler. His hobbies are restricted to flying at Delhi's Aerodrome and watching his wall-sized television screen with his two children in the drawing room of his luxury Melbourn farmhouse, which is well-protected by his dogs."

□□□
Saturday night was interesting. I had fallen asleep in my hotel room watching the extended highlights of the India thrashing the West Indies in the triangular one-day cricket tournament in Sharjah. I was awoken at three in the morning by shaking and the clatter of hangers in the wardrobe. The earthquake in Uttar Pradesh had struck. I trudged downstairs with the other guests, returned soon after and rang the office.

"There's been an earthquake," I said. Like all my scoops, it was greeted with only mild interest. So I relaxed by reading a fascinating feature on India's "cricket mystique" in the *Times of India*, which Rakesh Sardesai wrote that cricket "is the most popular sport in the country... With the communications revolution, the size of the audience is even larger. Previous surveys have shown that during international matches, more than fifty per cent of radio sets in urban and semi-urban areas are tuned to the cricket... In short, more than 100m people at a conservative estimate are involved in every cricket match."

"Football has never caught on, having been shunned by the middle classes who see it as overly-physical. Cricket alone has been able to reconcile a feudal Indian society with the inherently egalitarian appeal of sport. It is matched in appeal only by Hindi films, but their secular values are largely artificial. They are based on stereotypes - the drunken Catholic, the truck driver Sikh, the Muslim smuggler, and so on - which strengthen social prejudice."

"The real value of cricket is that it integrates society. None of the present Indian team has an elite background - a far cry from the days when princes, well-to-do Bombay Parsis and industrialists were prominent members of the squad." Indeed, "when India defeated England for the first time in 1971 the achievement was popularly equated with the destruction of the last vestiges of the Raj."

James Morgan

James Morgan is Economics Correspondent of the BBC World Service.

The pick of Europe

Stuart Marshall predicts a winner

NOT for a long time have there been so many entries for this year's European Car of the Year. The car makers of Europe - and to a lesser extent, Japan - are bating their nails as the 58 juries and women from 18 countries are out. Their verdict will be known in four weeks.

Meantime, their lips are sealed. As I have nothing to do with Car of the Year I am free to speculate which car will win. There are 17 names in the frame, compared with 14 in the two preceding years.

Some are really no-hopers. Not because they are not good cars. All are good, some are excellent. But it is simply that, for a variety of reasons, they are not sufficiently outstanding to garner enough votes to become Car of the Year.

All cars entered must have been on sale in five markets before and have annual European sales of 5,000 or more.

Which is the reason why such exotica as Ferrari's never win. National feelings and personal prejudices are not supposed to influence votes. Inevitably, they do.

The list can safely be brought down to a more manageable size by excluding the Japanese. Honda Legend, Mazda 121 and MX-3, Mitsubishi Sigma, Nissan Sunny and Toyota Camry and the South

Korean Hyundai Lantra. No Japanese product has yet become Europe's Car of the Year, for the same reason that no European car has ever been similarly honoured in Japan.

I see the Audi 100 and BMW 3-Series getting quite a few votes because they are clearly an advance on the models they succeed, but not dramatically enough to win.

The new Opel (Vauxhall) Astra will score points for some welcome safety and convenience features but it is too obviously evolutionary to be Car of the Year material.

Peugeot's new baby, the 106, will be a big seller but it will not make Car of the Year. It looks rather like a shrunken 205 and for performance that is not all that much of an advance on that of its kinsman, the Citroën AX.

The Seat Toledo, product of Volkswagen's Spanish arm, will attract votes for being nice looking, roomy and bargain priced. It is such a good value 1.6 that it is a pity it is not a VW dealer's comparison price with Polo, Golf and Passat and wondering if an own goal has been scored.

The victor will, I believe, be one of the five remaining cars, Citroën ZX, Honda Civic, the Renault Clio, the new VW Golf and Volvo 850GLT.



Winning style: Citroën ZX's comfort and quality make it a favourite for Europe's Car of the Year

The Volvo, with its front wheel drive, new 5-cylinder engine and ultra-compact transmission, is a good car; the highest leap forward ever made by this conservative Swedish manufacturer.

Honda's Civic will be admired for a brilliant engine combining lean-burn economy with low exhaust emissions and exceptional performance over a wide speed range.

Beyond argument, the Mercedes-Benz S-Class, with a 6-litre V12 engine in the top 600SEL, sets a new standard for volume produced luxury saloon cars. It will gain votes for sophistication, lose some because of size and expense and no longer fashionable in all quarters.

The VW Golf, prettier than its predecessors but as solid as

ever, offers buyers a menu of engines from super-clean diesels to a 2.8 litre V6 taking up no more space than a 4-cylinder of half its capacity.

But my money is on the Citroën ZX, though some of the jury may jib at Car of the Year going to France again. (The Renault Clio won last year and the Citroën XM in 1990).

Why the Citroën? For class-leading ride comfort and handling; a distinctive, aerodynamic body, compact outside and roomy within; and what can only be called typically German build quality at more than competitive prices.

Were I taking bets, I would offer even money on the Citroën, 2:1 against the Honda and the Golf, 3:1 against the Mercedes-Benz S-Class and 4:1 against the Volvo.

Car of the year 1992

Runners and riders

Audi 100
BMW 3-Series
Citroën ZX
Honda Civic
Honda Legend
Hyundai Lantra
Mazda 121
Mazda MX-3
Mercedes-Benz S-Class
Mitsubishi Sigma
Nissan Sunny
Opel Astra (in UK the Vauxhall Astra)
Peugeot 106
Seat Toledo
Toyota Camry
VW New Golf
Volvo 850GLT

Rugby World Cup/John Hopkins

Old enemies prepare for battle

REMEMBER 1973, the days of long hair and short skirts and Edward Heath's prime ministership? That year Roger Uttley and Ian McGeechan made their debuts for their respective countries, Englishman Uttley against Ireland and McGeechan, an Englishman born and bred but qualified for Scotland, against the All Blacks.

Down the years the lives of Uttley and McGeechan have been inextricably intertwined. They have played alongside each other for the 1974 Lions, against one another for club and county (Gosforth v Headingley, Northumberland v Yorkshire) and captained sides against one another (England v Scotland 1979). They were coach and assistant coach on the 1989 Lions tour of Australia.

These two men, who both come from the north of England, are still competing against one another, this time as rival coaches. Uttley has coached England since the autumn of 1987, while McGeechan has held the same position for Scotland since 1988. The score in the past three matches between the two countries is one victory each with one match drawn.

All previous meetings between England and Scotland pale into insignificance when compared to this afternoon's at Murrayfield. At stake is a place in the World Cup final at Twickenham next Saturday.

Uttley and McGeechan got to know one another on the Lions triumphant tour of South Africa in 1974. "Geach was one of the lads at the back that we big forwards had to look after," recalls Uttley. "As a coach he is extremely methodical in what he does, analysing what is necessary for his team to win, how to go about doing a particular job. He is a tremendous competitor. There is considerable inner steel there. I like him, I like to think he is a friend and I hope we have a mutual respect for one another."

Everyone likes Uttley, a big craggy-faced man who played in three positions for England, as a second-row, flanker and No 8. Andy Ripley once contrasted Uttley with his predecessor as England's captain as follows: "Tony (Neary) is so successful in so many things that captaining England seemed the logical progression in his career. He was so lucky that if he put his hand down a lavatory he would pull out a bar of soap. When you have spent hours getting through to him, you think 'I like listening to him talk to us, thinking 'you handsome beggar'. You don't do



Craggy competitor: Roger Uttley, whose England team reflect his playing style that with Roger. He's a super bloke, pug ugly and when he says something you really believe it.

As you are, so you coach. Or do you? The answer, familiar to readers of *Scoop*, is: up to a point Lord Copper. England has become more introspective, more forward dominated and has taken a gritty realistic view of life. This is probably what you would expect from a side coached by a hard-nosed forward. When you have spent hours with your face one foot from the ground knowing that eight men nearby are anxious to rub your nose in the dirt,

three-quarter he was always the man who gave the try-scoring pass rather than scored himself. He was deeply thoughtful. Dinner with McGeechan talking rugby was a pleasure. His team bear the stamp of his thoughtfulness. They look, as one follower remarked, "as though they have done something in practice."

As an example, take the ploy with which Scotland greeted the Samsons at Murrayfield last Saturday. On the first two occasions that scrum half Gary Armstrong passed the ball he passed not to his stand-off but to Gavin Hastings, the big full-back, who tore into the Samsons with glee. McGeechan had clearly decided he wanted Scotland to take the game to Samson and establish a physical superiority.

Scotland had taken note of the Samsons' fierce tackling, too. They neutralised this by moving the ball quickly and altering their lines of running, presenting the Samsons with constantly changing targets.

Another McGeechan tactic: at the 1990 Calcutta Cup match England ran on to the field at Murrayfield as normal. Moments later, Scotland's players walked out slowly, almost menacingly and very effectively. Scotland had established a psychological supremacy they never surrendered. They won the match and with it the Grand Slam that England had thought was theirs.

For both men coaching is a life's work. Both are natural pedagogues who trained as physical education teachers. Until McGeechan took a job recently with a Scottish insurance company both remained teachers, McGeechan in Leeds, Uttley at Harrow School.

"Coaching appeals to me on two levels," says Uttley. "I enjoy coaching at school because, what with practice sessions and a game, you can do as much in one term as in a whole season. And you see the boys develop physically and mentally. That is very satisfying. It is very satisfying preparing a side and seeing them bring it off whether it is boys or men."

On Tuesday, Uttley, who already has an MA in leisure and recreational studies to put after his name, will go to Buckingham Palace to be invested with another set of letters, the OBE. It remains to be seen whether he will go there as coach of the first British side to reach the final of the World Cup.

And, if he does, I wonder what the Princess Royal will have to say about it all? She is a fervent supporter of Ian McGeechan's Scotland.

Baseball

Two Cinderellas having a ball

AFTER TWO YEARS OF dull, one-sided walkovers, America this week has got a competitive, down-to-the-wire World Series on its hands.

In 1989 Oakland A's stole to title with a 4-0 whitewash of the San Francisco Giants and in 1990 were shut out themselves by the Cincinnati Reds in the World Series. The two short, one-sided clashes dismayed both baseball fans - except, perhaps, in Oakland and Cincinnati - and CBS, the free-spending television network which watched audiences and advertising revenues disappear as the Series concluded in rapid time.

This year, however, the Minnesota Twins and the Atlanta Braves are busy building a classic. Today the best-of-seven rubber stands at 3-2 in Atlanta's favour, and by the end of tonight's game in Minnesota it

could be all over. The Twins, though, have proved difficult to beat in the controlled climate of their indoor Metrodome, so there is a good chance that the series will go all the way to a final game tomorrow.

This would delight those who have enjoyed the Cinderella performances of the Twins and Braves all season. The two established a new baseball record this year as the first teams in history to come from last in their league one year to first the next. What Minnesota and Atlanta have lacked in elegance and power, they have more than made up for with scrappy, heart-stopping last-gasp dramas.

Before the Series opened many observers predicted that Atlanta's in-form pitching staff, led by wonder-boy Steve Avery, would prove decisive. At just 21 Avery is very young

in game three of the World Series.

In spite of Avery's splendid skills, the Series so far has been primarily a showcase for more obscure talents. The big guns (Kirby Puckett and Kent Hrbek for the Twins, Terry Pendleton and Ron Gant for the Braves) have remained silent, and it has been left to debutants and substitutes to provide the crucial plays.

In the first game, rookie Chuck Knoblauch's all-round display of clean hitting and gutsy fielding was a key to Minnesota's 5-2 win, and in the second, fellow first-year player Scott Leisner powered the Twins to a 2-0 lead when he launched a fastball from the semicircle.

When the contest moved to Atlanta, it was the turn of an unknown Brave to grab the

headlines. Mark Lemke, a second-baseman who only squeaked into Atlanta's World Series squad at the last moment, was the game-winner twice in 24 hours. Game three was tied at the end of the normal nine innings and was not until decided Lemke hit a home run in the 12th inning.

The next night, Lemke raced home, narrowly beating a fielder's throw, to score the decisive run at the end of the ninth inning.

The diminutive Lemke has proved to be the star of the show. In game five on Thursday night he spanked the Minnesota pitchers all over the park while driving in three runs in Atlanta's 14-6 romp. At only five-foot-six, Lemke is one of the smallest players in baseball, yet his stellar performances have made him the "Little Big Man" of the 88th World Series.

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The cheaper off-roader

VAUXHALL could be on to a winner with the new Frontera. It drives on the highway with much of a car's comfort, performance and refinement. But it looks the four-wheel drive part to perfection. Frontera has the tough image of the broad shouldered, fat tyred off-roader.

There are two models; a short wheelbase two-door Sport and a four-door estate. The Sport has a 115 horsepower, 2-litre, fuel injected engine; the estate either a 2.4 litre, 125 horsepower petrol or 2.3 litre, 100 horsepower turbo-diesel engine. The petrol engine models are catalyser equipped.

Both petrol models should give around 24-26 mpg (11.7-11.3 l/100km) when driven sensibly on a journey. Users of the turbo-diesel, which is quite a bit slower off the mark, could expect more like 27-28 mpg (10.5-10.1 l/100km).

At £12,250 for the Sport, £15,740 (petrol) and £16,830 (turbo-diesel) for the estates, the Fronteras are keenly priced. They are cheaper than similarly sized rivals such as the Mitsubishi Shogun (from £17,589) and Land Rover Discovery (from £18,280). The prices are low because the Frontera is derived from a 4x4 pickup truck, not designed from scratch.

It has a 5-speed, two-range, selectable four-wheel drive transmission. On road, it is rear wheel driven with the option of all-wheel drive for

wintery conditions. When off road, putting the transfer gearbox into low range automatically engages four-wheel drive.

Even on road-pattern tyres, a Frontera Sport lived up to its macho looks when I banged it around in an old clay pit, as slippery as black ice after an overnight downpour.

With the engine pulling hard at low revolutions, it clambered capably - and shock absorbers - up and down 45 degree slopes and through thick, gloopy mud.

Few owners will, of course, ask more of its four-wheel drive traction than crossing a meadow with a two-horse trailer, taking a rough track to a remote beach; or hauling a boat up a slipway. With its high ground clearance, protected underside and two-tonne towing capacity, it will do all of these things well.

Frontera, specially the 4-door, is a practical alternative to a conventional estate car in the Volvo or Vauxhall Carlton class.

Independent front suspension provides a decent ride and perfectly adequate handling. Standard power steering makes it light to drive and park.

Never mind its pickup truck ancestry. Many recreational 4x4 buyers will find the British-built Frontera does everything they require - and a good deal more - at an agreeable cost.

S.M.

Golf

The greenkeeper with a taste for Ming vases

AT 4.30 THIS morning a balding man buried through the Spanish darkness. He was heading towards the Valderrama golf course in southern Spain and, once inside and seated at a long table, he began issuing instructions to the greenkeeping staff. Meet Jaime Ortiz-Patino, owner and president of Valderrama where the last event of the professional golf season ends tomorrow.

There are many things you can say about Jimmy Patino and three are that he is very cultured, very generous and very, very rich. I may be wrong but I cannot think of many greenkeepers who have a Ming vase in their hall, two 16th century silver thrones made for the royal palace in Berlin in their bedroom and cutlery that once belonged to Catherine the Great on their dinner table.

Patino, then, is not your ordinary Joe. His grandfather was Simon, the Bolivian tin magnate and one of the richest men in the world. In the 1950s a relative of Patino's, Isabelle, made world headlines by eloping with a self-assured 20-year-old businessman named Patino Goldsmith. The *Daily Express* called it the Elopement of the Century.

Patino, meanwhile, was frolicking in the playgrounds of Europe. He raced cars and briefly owned a racing team. He played good tennis. He skied until he realised that if he hurt himself he could not continue with his tennis. Then he injured his back and had to give up the game anyway. "I was not an obedient son but early on my father impressed on me not to race. When I was 24 I stopped."

He turned his attention to the family business, consulting himself by warning that he would retire at 50. Meantime, he became one of the world's leading collectors of Impressionist paintings. He played bridge well enough to represent Switzerland and served an outstandingly successful ten-year term as president of the world bridge federation, cleaning up the dishonesty that had been rife.

Taking care of the family business took him a little longer than he expected but before his 52nd birthday (he is 61) he was able to retire to his property in Sotogrande, southern Spain. In 1986 he joined a syndicate to buy the second golf course there, then known as Las Aves.

His preference is to do as

much as he can himself, which is why he starts work at 4.30 am during tournaments at Valderrama. "Patino likes to chair committees of odd numbers and he thinks that three is too many," says a friend. It was not long before Patino bought out his partners and renamed the course Valderrama.

Valderrama is to Patino what Xanadu was to Charles Foster Kane. One source estimates that he spends £2m of his own money on it a year. When members queried the expense of one of Patino's projects, he reassured them by saying, "don't worry. This may be a tunnel I am building but it is not like the Channel Tunnel. There is no shortage of money here." Not that he talks about it because that would be vulgar and Patino is anything but that but, after selling his collection of Impressionist paintings for nearly \$70m two years ago, money is the least of his worries.

Valderrama has become a passion, as bridge and Impressionist paintings once were and he has, in the 1980s, a relative of Patino's, Isabelle, made world headlines by eloping with a self-assured 20-year-old businessman named Patino Goldsmith. The *Daily Express* called it the Elopement of the Century.

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PERSPECTIVES

'Eco-Disneyland' — is it simply for the birds?

Gilberto Mestrinho, governor of Brazil's Amazonas state, tells Christina Lamb why he wants to transform the jungle

TRANSFORMING the Amazon jungle into a game reserve for alligator hunting or building the world's first Eco-Disneyland in its heart, say environmentalists, are the ideas of a madman. Unfortunately for them, these are the dreams of Gilberto Mestrinho, governor of Amazonas, the largest state in the Amazon, guardian of a large chunk of the world's largest rainforest and an environmentalist's nightmare.

As the self-proclaimed champion of the people of the Amazon region, Mestrinho does not mince words. "I'm a conservationist, not a preservationist. I believe that man should use nature with intelligence to take out of her what he needs to live, and I reject the views of ecologists who want to put a giant condom over the forest."

Mestrinho is becoming notorious for his views and a major embarrassment to the Brazilian government, which is hosting the UN world environment conference next year. He is embroiled in a running war with the environment minister, Jose Lutzenberger, and on their most polite days the two refer to each other as baboons. But the 62-year-old Mestrinho is hugely popular with voters and the only governor in Brazil to be elected for a third term. Known affectionately as "the professor", he began his working life selling milk to support his family. His views strike a chord in the steamy jungle capital of Manaus, once the prosperous centre of the rubber boom but now

redolent with unemployment and poverty. The city's 1m inhabitants resent their lack of basic sanitation facilities while living in the centre of a forest of forbidden riches in terms of tropical wood and minerals.

A small, walrus-like man, Mestrinho is trying to co-ordinate a movement with governors of the other Amazonian states to have more say over the future of the forest and stop "interfering foreigners", who he says are "already threatening Brazilian sovereignty over the area."

"The Americans don't come to me for advice on their domestic policy. Why should a handful of congressmen and senators think they can dictate what I do with my forest?"

Mestrinho is on good form as he explains his views from inside the Black River palace, which once belonged to a German rubber baron who killed his wife and which overlooks the slums of the decaying city. "I'm completely against this absurd idea of the untouchability of the Amazon. There are 16 million people living here who have the right to a comfortable living... it was they who voted me governor, not the monkeys and trees."

Mestrinho insists that talk of the destruction of the Amazon is a myth put about by foreigners who want to prevent Brazil from exploiting its mineral resources. "It's all disinformation, no country has more trees than us. The outside world gives the impression that the Amazon is disappearing but the truth is that in 500 years of building roads and cities we



Road to ruin: "If you don't cut them down, the big trees hamper the small from growing"

have only destroyed 8.5 per cent. In my state we have only lost 1.5 per cent.

"Take the burnings. Actually there are very few but the humid atmosphere creates more smoke. Any housewife who has held a barbecue can tell you that the smoke it makes gives the impression of far more fire than there is."

He thinks the real enemies of the environment are those very people in the developed world doing the criticising.

"The carbon dioxide emissions from all the cars in the first world is equivalent to burning nine Amazons a year," he claims, adding that "the US has already burnt 80 per cent of its forests to give itself the best comfort in the world, while we live in poverty and can't touch ours. That's the reality."

The focus of Mestrinho's current efforts is to have hunting allowed in the Amazon. "Countries which allow hunting have

seen a considerable improvement in conservation of species," he says, jubilantly waving a xeroxed letter from President Bush on National Hunting Day complementing American sportsmen for helping conserve natural resources. He reads off statistics of the number of deer killed in Sweden and Germany. "In Europe people put down poison to kill hares which don't harm anyone, just crops. Here we have alligators mutilating or killing

people and no-one can do anything."

"Hunting doesn't stop because it is prohibited... what I'm defending is hunting that's regulated, authorised and paid for... it would bring a series of employment generating activities such as tourism, boats, exports of skin and sales of arms. Why should we be missing out?"

If Mestrinho has his way, other Amazonian activities would include logging, fishing,

cattle breeding, rice planting and mining. He has no qualms about cutting down centuries-old trees. "That's another myth you see, that the forest generates oxygen. Actually it consumes it and if you don't cut them down the big trees hamper the small from growing."

His major plan, currently under study, is to create an 'Amazonian Disneyland', a kind of ecological theme park, possibly funded through debt-for-nature swaps. "It would be an ecological city with buildings in clearings connected by raised passageways while animals circle beneath."

The idea, fashionable among environmentalists, of using the forest to obtain products such as rubber and brazil nuts without depleting it, is dismissed as "condemning people to misery. Forest products such as resins and fibres have lost their economic value and been replaced by artificial products... even the most productive rubber tapper will not earn a third of a minimum salary (\$80 a month). It's ridiculous that we condemn people to this when we have the greatest mineral reserves in the world with an estimated worth of \$1.6 trn. How can we not use this? It's as good as saying 'what about our grandchildren' because if we don't use these resources to look after our sons there won't be grandchildren."

Mestrinho claims that many ecologists are paid by foreign mineral producers to disseminate propaganda about risks to the forest in order to prevent competition. "If we took tin from here it would close the

mines in Malaysia... if we really started mining gold, can you imagine what would happen to world prices? All this talk blaming what's happening in the Amazon for holes in the ozone layer and the greenhouse effect is a lot of rubbish for which we're suffering."

The same motive, he alleges, lies behind the demand for Indian reserves to protect threatened tribes. "My grandmother was an Indian, and I can tell you that it's not the Indians who are asking for these hut foreigners in the guise of ecologists who don't want us to get our hands on the minerals. It's no coincidence that all the fuss is about the Yanomamis, who just happen to live on top of the world's richest mineral deposit. Why aren't they concerned about the other Indians?"

"I do defend the right of indigenous communities and am in favour of reserves, but I just don't think 4,630 Yanomamis need 9.4m hectares. What would they do with it? Even if we built them railways or gave them Jeeps, they wouldn't be able to visit all their property in one lifetime."

Mestrinho is confident that the Amazon will eventually be opened up for exploitation. "What does the world have left today? There are the depths of the sea, peaks of mountains and polar caps for which we don't have the technology. Then we have the Amazon which is eminently exploitable... I just want to make sure Brazil has its fair share in this."



Writer's daughter Charlotte failed a preschool test... at three

Japanese premiers with pigeon toes

AFTER SIX years in Japan, we know that settling down again in the west would be a challenge. We had grown used to bowing to our acquaintances, taking off our shoes when entering the house and eating food of unknown origin. In fact, our re-entry has been a snap. Our longing for seaweed is easily satisfied at any of a number of Japanese supermarkets scattered about London. We have forgotten how to bow and our friends have grown used to tripping over our shoes when coming to visit. The only one with problems, it seems, is our preschool daughter.

I would like to say we enrolled her in a Japanese

nursery school out of pure admiration for the Japanese educational system. That was certainly part of it. The nursery we selected had small classes, large rooms, excellent equipment and a loving atmosphere. It was also just over the road, five minutes walk from our place and much closer than the schools set up for foreign children.

Our first-born certainly thrived there. She could soon swap jokes with the best of her Japanese playmates. Her performance as a mouse in the school play was flawless. Her Japanese became so fluent that her teacher once asked us if she spoke any English.

When planning our move back to the UK this year, we

had simply assumed that our bilingual prodigy would be welcomed by the school of her choice. With the Japanese owning large chunks of British industry, and UK companies expanding rapidly in Japan, we assumed that British private schools were swiftly incorporating Japanese children and returning expatriates, even at the most junior levels.

Just in case her Japanese was not enough, we picked a school in which all three children in my husband's family had been taught. As all went on to university, two to Oxbridge, we figured we were in great shape. Back came the kind note from the headmistress: a place would be held for our child "pending assessment."

Although the school brochure said that no formal knowledge would be required, the headmistress subsequently wrote: "I'll be looking for pre-reading skills, good academic potential, knowledge of early numbers, and the ability to form letters." Further intelligence work uncovered that the children would be asked to draw a picture of Mummy.

All this for a child who was not yet four? My family assured me that the assessment was a formality and that they wanted to see the child to make sure she was not anti-social.

They were wrong. I am reasonably experienced at getting information. When we were

told that our daughter had flunked the assessment, my first thought was to get on the telephone with the headmistress and at least find out why. I have interviewed a couple of prime ministers in my day, a king, two tribal chieftains, and a slew of industry bigwigs. I picked up the phone to call Mrs Norton with a shaky hand.

"Motor skills," she said sadly. "She tripped over the way in. The way she walked... she is pigeon-toed, isn't she?" The child had also failed in puzzles, her head on the Mummy was too big and her work with scissors was under par. They do take children with physical handicaps, but only if they show bright academic promise. And they could not assess that as their questions were geared for children reared in England.

After musing for a bit on whether brackishers still take apprentices, I phoned our daughter's Japanese headmistress to ask if we were missing something. The sensei was horrified.

Yes, she admitted, Western children do have weaker legs than Japanese (they sit on the floor, we sit on chairs). But she can skip, ride a tricycle and showed no abnormalities.

The sensei went on to make another point. The Japanese do

not believe in assessing individual performance or potential in the first years of education in Japan. Children are not forced to take up any activity or learn specific skills. They are encouraged to enjoy themselves, learn to love school, respect their teacher, and most important, function well within their group. The aim of Japanese preschool education, she reminded us, is to even out, rather than encourage, ability differences.

Still, the sensei scolded us for not informing us of our daughter's test. They would have carefully coached her on the skills needed and the way to act. Then she gave her the highest commendation possible. "Your child is just like all the others. Don't worry about her."

We felt it only fair to ask our daughter for her side of the story. "Well, first the English sensei took out a puzzle and then, a big, enormous rhinoceros came and ate her up and then, she died," she said with a big smile.

That is her story anyway. As for me, I am doing research on the lives of famous pigeon-toed prime ministers.

Carla Rapoport is London bureau chief of Fortune.

Carla Rapoport

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Changing channels

THE DRAMA over renewal of television franchises in Britain is as nothing compared to what is about to hit Hungary, the first post-Communist country to deregulate broadcasting and offer a taste of what is likely to happen in the post-Communist world.

It is as if in Britain the introduction of Independent Television, the arrival of commercial radio, Channel Four, independent production, local cable services and satellite TV had come about not over 25 years, but in a few months.

When it takes effect, Hungarians will have television and radio coming out of their ears, even if only a fraction of the programming plans now being hatched in Budapest and in provincial cities up and down this land of only 10.5m people, comes to fruition.

"There is room for a third nationwide TV channel in addition to the two state-run channels we have now," says Istvan Hazai, Director of the Frequency Allocation Institute. "Beyond that, there's frequency room for a TV service covering Budapest, a second one covering the Budapest region, up to six local services covering the Budapest area between them, a number of regional services in the rest of the country, and a very much larger number of low-power local services. Our intention is to enable each locality with 30,000 people or more to have at least one, and possibly two, television services of its own."

All this would be in addition to the 90-odd cable services already in existence in provincial towns and cities and in districts of Budapest. These are run by local authorities and used for a measure of local programming and the distribution of satellite programmes received on communal aerials. They would be available for private exploitation, and to any Hungarian satellite service that might be launched, to beam in to the rapidly growing portion of Hungarian households (now 30 per cent) that can receive it through cable or their own aerials. And then there is the radio explosion.

Although lobbying for franchises has been going on for months, the scramble will begin in earnest only after new laws on frequency allocation and on broadcasting are adopted by parliament, which is expected to be at the end of this year. But several private ventures are already up and running, which were either started before a June 1989 ban on handing out new frequencies, or have got round it since.

The most ingenious is TV-TeVe, a four-hour men's programme produced once a week by a minuscule team led by Peter Rozsa, a respected reporter who left the state TV system last March.

Started in June and made in a disused film studio, TV-TeVe gets round the frequency ban by duplicating the programme, put together in the first three days of the week, on VHS cassettes during Wednesday night, and despatching the tapes by motor cycle to cable services

throughout the country for use on Thursday evening, repeated on Sunday.

The idea comes from Silvio Berlusconi, who also used it to get round a broadcasting ban as the first step in building his TV empire in Italy.

But it was put to use in Hungary by Zoltan Fazekas, a 26-year-old electronic and financial whizzkid who with his partner Zoltan Berkes last year worked out a way of turning cable stations and local TV transmitters into a national network by linking them through microwave—only to find that in response to their plans the frequency ban was extended to microwave as well. Motor cycles now do the job meant for the microwaves.

Of the 78 cable services that take TV-TeVe, none pay for it. "In fact, some of them haven't even got the money to pay for the technicians and the running costs to operate their equipment to put out the programme," says Adam Born,

the producer, who came to TV-TeVe after 26 years with state TV. "So we pay for them to take it, which must be unique."

Even so, the money that comes in from ads is enough for TV-TeVe to break even, claims Zoltan Fazekas. "We're going to start a second day's programme in November, which will go out on Friday night and be repeated on Sunday evening."

Beyond making money from the ads, they have a much larger aim, reflected in the mix of items included on their programme menu, ranging from local politics and foreign affairs through children's programmes, fashion, feature films and pop music to religion. "The aim is to produce a programme which can reach viewers throughout the country and whose mix will serve to show what we can do when it comes to applying for a franchise," says Peter Rozsa.

They franchise battle will be fierce. Among the competitors will be not only NAP-TV, makers of a breakfast programme with a two-year track record that goes out as a commercial venture on Channel 2 of the state network, and possibly Novofilm, producers of a semi-private breakfast show on Channel 1 since June, but a host of others. There are 150 preliminary applications for radio and television franchises lodged with the Ministry of Transport Telecommunications and Water in Budapest. Among those who have made their interest clear are foreign bidders, such as Rupert Murdoch and Robert Maxwell, as well as Silvio Berlusconi's mighty Fininvest group.

But most bidders are bound to lose. "It's like the old joke we have about Little Maurice who is taken to an athletics tournament by his dad," says Andras Szakfu, the foremost of a growing band of media consultants in Budapest. "Looking at the runners in a race he says 'Daddy, how many of these people are going to win?' Just one," says his dad. Little Maurice thinks about this a bit and says, 'So why are they all running?' In other words, you have to be pretty certain you can win before you start."

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THE LANCASTER
CHARACTER SHOWS

HOW TO SPEND IT

There is more to American Country style than Shaker kists, says Lucia van der Post, and no longer do you have to cross the ocean to find it

Time to celebrate an Appalachian autumn

American Country style is a mood, a way of life, as a style of furnishing, has long been admired by many, but for those who do not make regular journeys to America, the essential props have not been easy to track down. Shaker-style, it is true, has been introduced to us by The Shaker Shop but there are a host of other pieces and moods that make up the gamut of the style.

American Country style as I see it is rooted in the values of the pioneering days when there was little time or money for excess. The early pioneering families had to rely on themselves for almost everything, and a great deal of emphasis was placed on the hand and home-made.

Many of the pieces were not made by professional artists as "art" but were simply pieces for the maker's own use. They were usually made with a great deal of love and aesthetic care and this approach still illuminates the best of American Country style and what we now call Folk Art.

The nicest way, of course, to acquire pieces of Americana is by wandering at a leisurely pace through its lesser-known towns and villages, but for those who are not that fortunate there are several shops that specialise in bringing American Country pieces to Britain.

Molly Noel Hill, for instance, and her son, Steven, spent years collecting pieces before they opened American Country Collection, at 28 Baker Street, Weybridge, Surrey.

There are the authentic props for the whole country mood - from Amish and Mennonite quilts to the more contemporary (and therefore more robust) quilts from the Gazebo company of New York. Prices range from £110 to £1,000.

There are naive oils and prints, gingham-covered armchairs and a particularly beguiling collection of black folk art, increasingly sought after by collectors.

For Christmas there will be lots of small, original present ideas, from wooden angels to hand-painted jelly cabinets and authentic American foods.

At the newly opened Appalachia (14a George Street, Street, Albans, Herts), Helen Flynn specialises in folk art and other home furnishings from the

England quilts. The £700 price tag seems quite reasonable when one remembers that each Amish quilt, made by Amish women living in Pennsylvania, takes more than three months to make. Look out for the now familiar Shaker boxes, all hand-made and painted in a range of "antique" colours, and for individual pieces of folk art, from carved dogs, cats, and sheep to decoy ducks and children's toys.

Finally, the P&A Collection, the brainchild of Patricia Antonelli, homes in on the truly beautiful work of the many different indigenous American Indian groups. Patricia Antonelli has studied the Indians and their cultures, and every piece she sells is authenticated. There are pots from the Pueblo Indians, rugs and weavings from the Navajo, basketwork from the Apache and Pima tribes from Arizona, and the Tlingit tribe from the north-west. From the Sioux, Plains Indians and Nez Percé there are unique pieces of clothing.

Many of the pieces are of great beauty and are becoming increasingly difficult to find. The jar-shaped basket container photographed here (left, above) for instance, is a 50-year-old Apache olla from Central Arizona and sells for £2,200. The Parafiche (left, below) is a pouch made from cow hide by a Sioux Indian at the turn of the century. Painted blue and yellow, the pouch was one of two "saddle bags" used to carry buffalo meat on either side of the horse while riding. This one is particularly fine and sells for £1,900.

Above, far left, is a Cachina doll, a contemporary piece made by Jackson Sedekshewa of the Hopi tribe. Each doll represents one of the large number of supernatural beings who come somewhere in the hierarchy between human beings and gods, and form a vital part of the Hopi Indians' spiritual life. The dolls are given to small girls to help them learn about the spiritual life of the tribe. It is for sale at £1,100.

For those who cannot afford these prices, though, P&A Collections also has pieces of contemporary folk art and what Antonelli calls "memory art", "tramp art" and "prison art", at more affordable prices. For instance, there is a good range of contemporary folk art which starts at about £40 - a colourful snake, for instance, could be had for that price - and there are witty and charming weatherworn at about £300.

Contact Patricia Antonelli on 071-463 0963 for an appointment to view. The collection is at Steeles Studios Annex, Stanbury Court, Haverstock Hill, Hampstead, London NW3. There is an exclusive collection of Amish and New



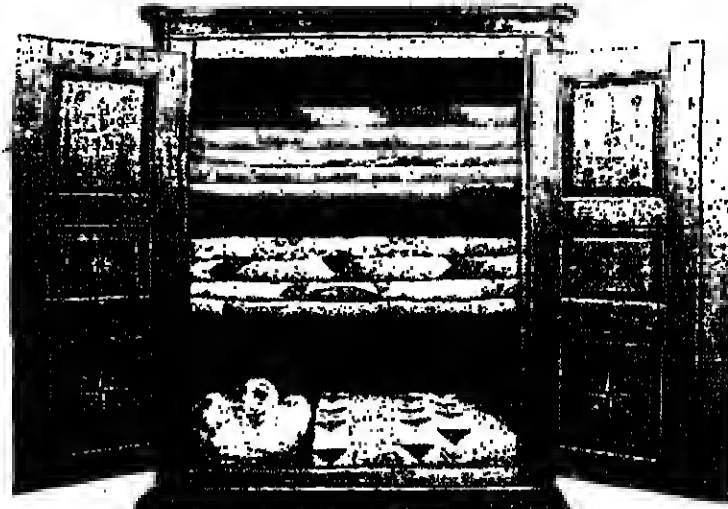
Appalachians and the north-eastern parts of the US.

Folk art, of course, flourished primarily in the 18th and 19th centuries when the early immigrants turned to the materials they found around them to furnish and adorn their houses. Almost everything they made had a practical and simple feel, but craftsmen delighted in turning a plain kitchen chair into something special by painting it with love and care.

Simple bedspreads could be made into something special with intricate patches, while cast-off wood could be fashioned into delightful animals and whittlings.

Fortunately for us, people came to love the arts and crafts of the early pioneers, and many of the traditions are still carried on today. Some of the items at Appalachia are copies of specific pieces of original folk art, but there are also pieces from new, younger craftsmen who work within the tradition but on more modern themes.

There is an exclusive collection of Amish and New



A collection of quilts in a country style blanket chest from American Country Collection

Art from the deep

ANYONE LOOKING for special leatherwork might consider the work of Athene English. Athene, who trained in saddlery at the Cordwainers' College, has a cache of special reindeer leather from which she makes finely-wrought purses, wallets, handbags and briefcases.

The leather came from St Petersburg and was stored in the Frau Metta Catharina, a ship which went down in Plymouth Sound on the night of December 19, 1786. It lay there, preserved in mud, until divers in the Drake's Island area in 1973 discovered the remains of the wreck, and salvaged most of the cargo.

Athene fell in love with leather, with its quirky markings and its romantic history, and she now makes a range of leather goods from bookmarks to special one-off commissions.

She stitches everything by hand, working the leather in much the same way the craftsmen of the 18th century. She uses the old technique of one

waxed linen thread and two needles. A briefcase, for instance, would be sewn at seven stitches to the inch, which means that more than 40 workbench hours and some 1162 stitches would go into its making.

The traditional craft methods, Athene believes, produce not only the finest results but also give the pieces great strength and durability. The briefcases, at £850 each, are not cheap, but Athene believes they should become family heirlooms, handed down from one generation to the next.

Not everything she makes is that expensive. She does small pouch purses, based on an 18th century design, for £27.75 each, and a range of belts starting at £62. A bookmark would cost as little as £5.85, and there are chequebook holders, credit-card holders, wallets and purses.

She also makes a range of fine handbags for women. The smallest starts at £88 but a top-quality good-sized bag, again made and designed by Athene, would work out at about £250.

She is one of a group of craftspeople who have regular access to supplies of the reindeer hide (some of the profits from which go on financing more underwater archaeological exploration) and proposes to go on producing these fine goods as long as the reindeer hide lasts.

Anybody wanting something made from this special cache should write asking for the mail order catalogue from: The English Leather Company, Mortimer House, Castle Street, Hay-on-Wye, Herefordshire HR3 5DF (0497-821205).

English is also happy to take on special orders or one-off commissions.

Lucia van der Post



"Washing Hands", a charcoal drawing by Anita Klein, £250

Scenes at the gallery

MANY A collector has learnt to look out for the annual Contemporary Art Society show at Smith's Galleries, 26 Neal Street, Covent Garden, London WC2. Here, each

autumn, with the help of sponsorship from Sainsbury's, more than 1,000 works by British contemporary artists can be seen - and bought.

Would-be purchasers can browse and buy here in an atmosphere much more like that of a busy shop, a bustling market-place or a crowded cash-and-carry than a hushed gallery. In fact on the opening day very ungallery-like behaviour - even unseemly scenes - have been known to take place as keen buyers rush to pin a red spot on their favourite work.

Those who cannot make it on the first day,

however, should not be put off from going later - new pictures are added as holes appear when the first buyers carry off their loot.

Although most of the pieces are by unknown artists, there is always some work by more established names - artists like Bridget Riley, Gillian Ayres, Maggie Hambling, John Rack (the war artist during the Gulf War) and Keith Milow. There will be drawings, sculpture and water colours as well as oils. Prices start at about £100, and nothing costs more than £1,500.

The show opens on Tuesday October 29 at 9am and closes on Saturday November 2 at 4pm. On Tuesday, Wednesday, Thursday and Friday the gallery stays open until 7 pm.

Lucia van der Post



Whether you're motivated by real need or simple frivolity, wigs never used to look like this

For sale: long blonde dreams

Lucia van der Post is tressed to kill

IF YOU have ever wondered if gentlemen really do prefer blondes - and if it is true that they have most of the fun - now is your chance to find out.

At Trendco Alternative Hair Centre, 229 Kensington Church Street, London W8, a new shop specialising in "alternative hair", Keith Forsyth tells me what he is really doing is "selling a dream head of hair".

In other words, wigs and hairpieces.

If wigs and hairpieces bring to mind the badly-fitting, ill-chosen pieces that used to pass for wigs, you should take another look. These days wigs have changed out of all recognition.

For a start many of them are terribly pretty. Increasingly, they are being worn as a glamorous accessory - after all, they are just as much fun as a new sweater or a new pair of shoes and no more expensive.

Prices start as low as £39

for a full-head wig and go up to £200 for what might be called a couture wig, where every hair is tied on by hand.

At Trendco you are looked after by a stylist, rather as you would be in a good hairdressing salon. You can try them all on - in privacy - veering between an urchin crop one minute, Rapunzel-like tresses or a chic Sassoon-like bob the next. You can flirt with going au naturel, brunette or blonde.

You cannot do any of that in a hairdresser's, where flirting with new styles and colours is just as expensive but much more long-lasting. With a wig, if you do not like it you simply take it off.

There are about 120 different styles in up to 25 different colours, and to get the best results the wig should be what Trendco calls "properly styled" - that is, the stylist should trim or cut it to suit the individual customer.

Although about two-thirds of the customers come in for fun, in search of a new look or a new accessory, the other third come in for much more serious reasons - they are some of the 1m women who have thin hair or are completely bald as a result of chemotherapy treatment or alopecia.

For these women, wigs are much more than a bit of fun - they are essential morale-boosters on the road to recovery.

Those who assume that the best wigs are made from real hair will be interested to know that these days there is an improvement on hair, and the finest of the fine wigs are made from a "modacrylic fibre".

There are about 120 different styles in up to 25 different colours, and to get the best results the wig should be what Trendco calls "properly styled" - that is, the stylist should trim or cut it to suit the individual customer.

Colours, too, have changed from the flat one-colour strands to more natural shades that reflect more light.



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The Millennium 7 Series. Hand applied indices and bracelet with contrasting centre strip and security clasp. Part of a classic timepiece series.

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FOOD AND DRINK

THE SEVERE, all-night frost of April 20-21, that devastated the Gironde vineyards, was widely publicised. Early reports gave the impression that the crop had been wiped out and that there would scarcely be a 1991 vintage.

However, after a poor flowering in miserable June and an average July, August and September were exceptionally hot, even compared with last year, and prospects rose for a normal start in the third/fourth week of September.

Moreover, in some of the less damaged châteaux of the Médoc and Graves the projected small crop resulting from frost and *coulure* (non-setting of the vine flowers) led to hopes of another '45 or '61 - great vintages celebrated for their tiny production.

However from September 25 it rained for four days, diluting the crop everywhere. At Lafite, in Médoc, 115mm of rain fell and at Dom de Chevalier, in Graves, 100mm.

After this there was a prime risk of rot, something that can run through a vineyard within days. In some parts it did, in others the fine weather that followed reduced or

stopped it. At Lafite the Merlot, always subject to rot, had none and there was less than feared elsewhere. Assisted by the new but now widely-used moving platforms from which defective grapes are removed before they enter the vat system, the loads from the vineyards that I saw were deeply coloured, fresh, ripe and of good alcoholic strength. These were mostly Merlot, with the usual delay before the later-ripening Cabernet-Sauvignon is picked. Those châteaux that picked early probably made the best wine. Ch Margaux finished a nine-day harvesting on October 8, and Latour ended a day later.

Everywhere there was an understandable sense of urgency, and the Libourne firm of Jean-Pierre Moueix, proprietor or manager of a number of Pomerol and St Emilion estates, including Trotanoy, La Fleur-Pétrus, Magdelaine and a half-owner

of Pétrus, finished picking all its properties by Friday October 4.

Pétrus was exceptionally fortunate, for Christian Moueix spotted the onset of frost early on April 20. He lit paraffin stoves in the vineyards and from a helicopter he sprayed the vines in the early hours. As a result a fair proportion of the first buds was saved which, with a better than expected second budding, produced something like a half crop, around 2,000 cases.

The key to success in this year's highly variable - but nevertheless good - vintage has been very careful pre-vintage selection. Those who tipped everything, including green or unripe grapes into the fermenting vats, or those who will put too high a proportion of their crop into the *grand vin* bearing the château label will produce poor wine.

In almost every property I visited, those with a high percentage of Merlot, as in St Emilion and Pomerol, were badly hit. The Médoc and Graves came out rather better, especially those in northern Médoc but they were still affected by the September downpour. Montrose in St

Estèphe was not touched by frost and produced an 80 per cent crop, but Cos d'Estournel, further inland from the Gironde, produced only a third. Latour, which actually thinned its vines in July, hoped for 40 per cent, but most less from the plateau where grapes for Les Forts de Latour are grown. Pichon La-

'Properties with a high percentage of Merlot were badly hit'

ande reckoned on a 20 per cent yield, but much less for its grand vin. Mouton-Rothschild expected three-fifths, but Ducru-Beaucastille only 40 per cent. Ch Margaux, Rauzan-Ségla and Issan each predicted a one-third crop, but Palmer was more optimistic at 45 per cent.

In Graves, Haut-Brion hoped for two-thirds, but Caronnieux Domäne de Chevalier, Fieuzal and Haut-Bailly only half this percentage. In St Emilion Cheval-Blanc that relies heavily on Cabernet-Franc, particularly badly hit this year, expected only a one-sixth crop. Figeac a third, and Magdelaine 40 per cent.

The worst shortage, and the one most likely to affect market prices, is for the dry whites. The expected quantity in dozen-cases (compared with normal figures) for some of the leading estates that I visited are as follows: Haut-Brion Blanc 100 (800);

Laville-Haut-Brion 300 (1,000); Domaine de Chevalier 65 (1,000 plus); Fieuzal 375 (2,500); Carbonnieux 2,400-3,000 (12,000); La Louvière 2,000 (9,500). Prices of basic Bordeaux Blanc have already risen sharply. The sweet wine crop is down from 137,000 hl to less than 100,000 but after three very successful years demand is unlikely to cause price increases.

The extent of the drop in volume is shown by the estimate of the crop size. With last year's figures in brackets the totals are: for red 2.4m hl (4.9m); for white 400,000 hl (1.1m).

Although after an unprecedented series of excellent vintages, we consumers may not feel all that concerned at this debacle, it looks rather different in Bordeaux. Only a small minority of properties, from first-growths to *petits châteaux*, are likely to cover their outgoings. For red wines it is being said now that

at least a yield of 20hl per hectare (around 220 cases) is needed, against a normal one of 50 hl-plus. Although stocks at the properties are higher than a year ago, they include the widely-sold - but not yet shipped - '89s in bottle and the '90s in cask. Merchants' stocks - they hard pressed for cash - have been halved.

The position of most merchants is near precarious. They have been cutting their margins for *en primeur* claret sales to as low as 3 per cent. There will certainly be *en primeur* offers of the '91s next spring, but a number of firms are likely to go out of business. Those who are tempted by carefully selected '91s should buy from merchants in the UK with sound Bordeaux sources.

Diplomats differ there as to whether the small crop will justify at least holding to the '90s price level or whether prices must come down. Although French demand remains strong, it is uncertain elsewhere in the world, and poor in the recession-ridden UK and US. With all those unconsumed and unsold fine clarets of the past ten years lying throughout the wine-drinking world, the latter view seems more likely to prevail.

What's cookin' down in Louisiana?

In the Deep South not everyone is cotton pickin'. There's serious eating too, says Nicholas Woodworth

BURGERS, fries and shakes to go, it is an old battle-cry. Across America, the forces of Ronald McDonald have been dug in for decades. The victory standards of fast food float triumphantly on the greasy air. From the ghettos of Brooklyn to the heights of Hollywood, it might appear that lovers of real food are in full retreat. But hope is not lost; there are pockets of resistance everywhere.

In Manhattan, ethnic partisans continue to hold out - you can still get genuine pastрами on rye, bagels and lox, Cuban rice, Hungarian goulash or a hundred other dishes

brought to America by immigrants from around the world.

In Omaha, red-blooded American patriots carve away at 16-ounce steaks of prime, grain-fed sirloin. Maine lobsterers are known to have kept their appeal in the ports of the Atlantic north-east. In certain lesser-known towns in west Texas, authentic bowls of fiery chili are still dished up. And in California, as innovative and style-conscious in food as in everything else, trail-breaking chefs forge ahead with the culinary synthesis that has become known as American nouvelle.

Despite appearances, cooking traditions are alive and

well in the US. But where, if the going got really tough, would one choose to hunker down and make a last-ditch stand against the philistines of fast food? I, for one, would have not the slightest hesitation. I would pack my bags, roll up my knife and fork in a fresh white napkin, and make for Louisiana. There is nowhere else on the continent as well prepared to withstand a final onslaught by the quarter-pounder.

There is one dominant fact that, for me, makes the Gulf state the ultimate stronghold of American culinary well-being: food for Louisiana is not just something necessary for survival, it is one of the major ends of living.

Louisianians love food. It is a natural resource that engages much of their physical activity. It is a social preoccupation that keeps families and communities in touch with each other. It is a sensual pleasure that keeps individuals happy and contented. I believed Joe Cahn when he told me that while a Louisiana eat breakfast, he is talking about lunch and thinking about dinner.

Joe is a man who knows something about Louisiana cooking and the eating habits of America. As founder and

mainstay of the New Orleans School of Cooking, he takes on new pupils every day. His students love it all - his bald pate and shaggy beard, his wise-cracking, his technical skill, and the Louisiana meal with which they sit down after it has emerged from the school's kitchen oven. More than anything else, they appreciate Joe's ability to communicate, in a non-serious way, a serious lesson: food and all it involves might be creative, demanding, inspiring or rewarding. But if it is not fun as well, something is wrong.

It is a lesson to which Joe thinks America should listen these days. It was a lesson he thought worth repeating to me

one hot and steamy New Orleans afternoon at the end of his class.

"The US," he said, "was originally founded by Puritans, Protestants and Quakers - austere people who repressed the pleasures of the body and believed that only hard work got them to heaven." So far, I was on solid ground.

"Why did they eat?" he asked me, rhetorically. I moved my head noncommittally, new to the world of gastro-theology. "They ate to refuel their bodies in order to work more and work harder. Where you find a strong Protestant work ethic, you also find bland food." I thought of Scots porridge, Swiss mussels and McDonald's cheeseburgers, and had to admit that Joe might have something.

"Here, we had totally different origins," he went on. "Louisiana was peopled by Catholics and pagan Africans. The French *noir-do-wells*, Spanish adventurers and black slaves who made a city out of the swamp had not a scrap of work ethic between them. We like to have a good time. We like to walk down the street and show everyone our pleasure in life. We look at food the way we look at life - we take the best of our various traditions, adapt them to local conditions, put them all together and then enjoy them as much as we can. We like to sit down at a table and over-indulge. Food is a happy thing."

Was Joe Cahn right? Was this a working definition of Louisiana cooking? I decided to consult one of New Orleans' minor gods, and took myself off to see Paul Prudhomme.

Chef Paul, as he is known about town, backed Joe unequivocally: Louisiana food is fun food. If this is so, Chef Paul has been having a lot of fun all his life. Born into a vast French-speaking family in the Cajun town of Opelousas, he began helping around the kitchen at the age of seven. He is still helping around in a significant way - as a chef, restaurateur, cookbook author and growing celebrity. He took regional cooking traditions from relative obscurity and almost single-handedly made them one of America's best-loved cuisines.

The cooking terms Cajun and Creole, I admitted to him, put me in hopeless confusion. Which one was better, which one the greater influence? No one is prouder of his Cajun roots than Chef Paul, but these days he cuts a Gordian knot in one blow: the two forms have now become so intermingled that the term Louisiana cooking sensibly covers both.

It has not always been so - the two styles came from vastly different traditions. The Cajuns, French colonists exiled from the Acadian region of Nova Scotia, arrived here in the mid-1700s. Burying themselves deep in the swamps of the Mississippi delta, they lived off the land, growing a form of backwoods cooking uniquely adapted to surrounding marsh, bayou and forest. Into their black iron cooking pots went abundant wild game, the fish, oysters, crabs and salt marshes, wild local plants, and the herbs used by neighbouring Indians.

Not for them cream, butter, eggs or the other makings of rich, heavy sauces - if they had such things at all, they were valuable commodities to be used for trading. And if a chicken or other barnyard animal was occasionally added to the fare, it also was tough and stringy and needed the long, slow simmering and fiery spicing that ducks, squirrels, rabbits and deer did. From such conditions evolved the style of cooking that produced such Cajun classics as jambalaya, fricassée, file gumbo, catfish pie, boudin sausage and boiled crawfish.

Creole cooking was altogether a more cosmopolitan art. Based on the classic French and Spanish recipes of New Orleans' founders, inter-



Peppers - you can't cook Cajun or Creole without them

pret by its black slave cooks and added to by the European immigrants who followed, it is a lavish mix that has accommodated countless exotic traditions to a rich sub-tropical environment. French bouillabaisse, Spanish paella, German charcuterie, Italian sauces and Haitian spicing all have their local equivalents in Creole cooking. Some locals simply define the taste of Creole cuisine as more: more hot peppers, more sauces, more stocks, more spices, more oil, more taste.

Highways, schools and formal employment eventually opened up the backwoods and brought Cajun country cooking to the city. The two styles blended and borrowed from each other in a transformation that goes on today. Whatever the process, you know when you have finished a Louisiana meal that "more" is still the operative word. Louisiana cooking may be many things; health-food cooking it is not. But there can be no doubt that it is fun. In Brennan's, a

New Orleans restaurant renowned for its breakfast oyster soup and poached eggs on artichoke hearts kicked off the most stupendous morning meal I have ever had. At Arnaud's, I ate an elegant Sunday brunch as jazz-playing musicians strolled among the tables. At the Napoleon House, one of the finest bars in America, I sampled amuse-bouche - a sandwich that would have put the Earl himself to shame. At the Decatur Gator, I watched a Cajun band and dined on deep-fried alligator.

And at the Royal Cafe, on an upstairs balcony of wrought iron, I lingered over blackened yellowfin tuna and gazed at evening crowds. Both visitors and locals, milling about the streets of the French Quarter. It was a heartening sight. All of them were on their way to dinner, but few were headed towards the golden arches displayed outside a restaurant not very far away. It is one of the loneliest establishments in town. There is hope in America yet.

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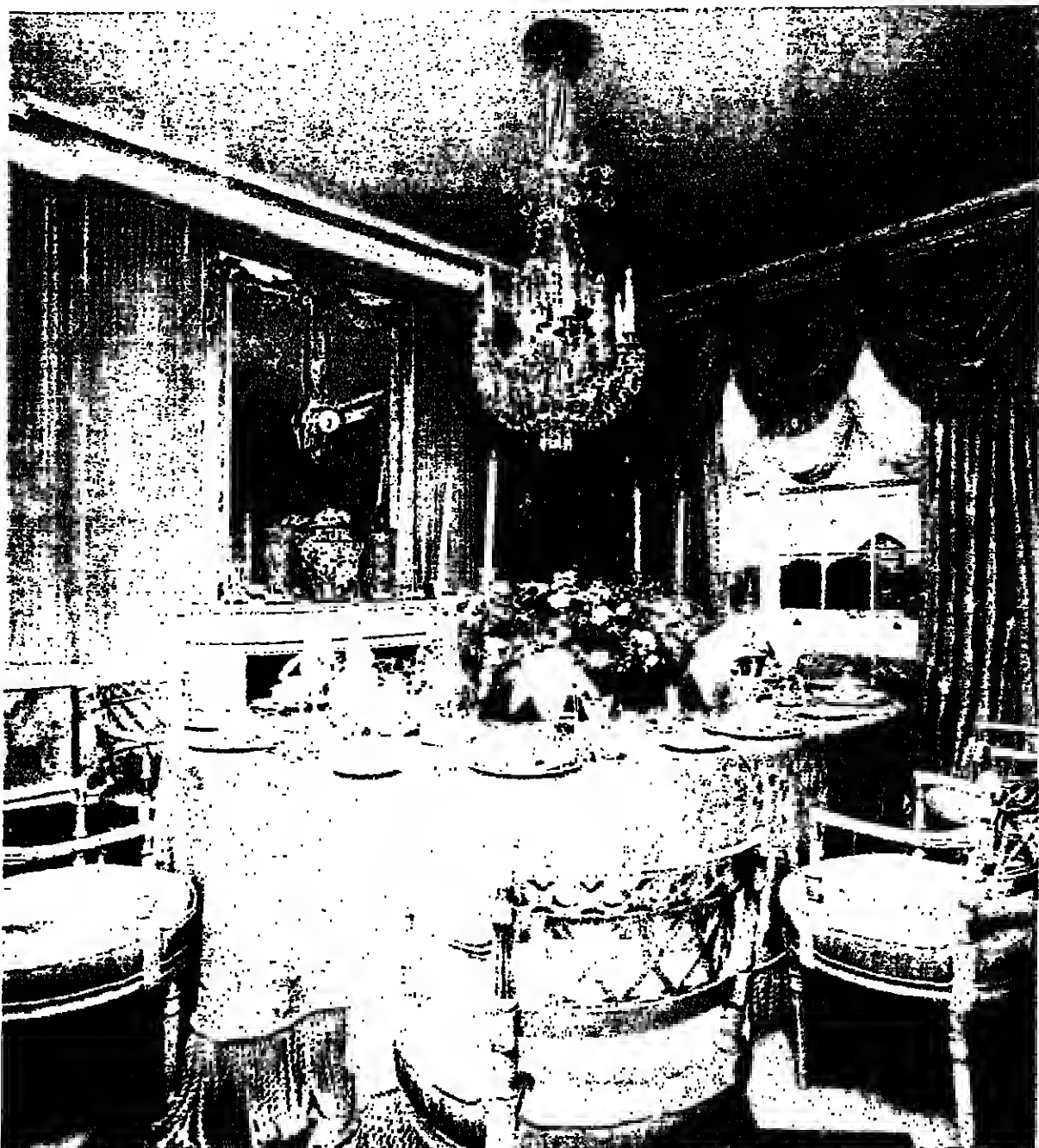
Asking prices are being cut heavily, according to John Brennan

THESE ARE "Tippex days" in the housing market, time for estate agents up and down the country to sift through their sale particulars and to daub corrective whitewash across yesterday's asking prices. As the new prices are lower than the old, agencies have blanked out all hope of a revival in the housing market this year.

A Dutch auction of forced sales and repossessions has been making a no-sense of asking prices on other properties. Banks, most building societies and, in particular, the 1980s new breed of central lenders, have shown a spectacular lack of imagination in dealing with over-stretched borrowers.

There are only a few honourable exceptions to the general experience this year of mortgage lenders failing to extend the standards of customer service on offer when they are selling money to customers with cash problems. The result has been both an unnecessary glut of forced sales since the summer, and the extra chill-factor on the market of lending policies having been switched from "hot" to "cold". Not content with all trying to fight their way out of the exit door at the same time by leaning towards foreclosures rather than rescue packages, lenders have further weakened the sale market by applying highly cautious loan rules. Residential valuers are reported to be covering their positions by marking houses down in value for loan purposes. On top of that, while lenders do have a vast array of special offers to attract new borrowers, few will stretch loans beyond 80 per cent of now understandably, cautious valuations.

Cautious, even skeptical, valuations along with a more conservative approach to lending, would take much of the steam out of the housing market



This price of this Belgravia house has been cut by £1.4m

even without the impact on values of repossessions, employment fears and recessionary gloom. Against that unreservedly dismal background it can be hard to raise enthusiasm for the counterbalancing good news. But the fact is that, for anyone with cash or unused loan security, it would be hard to imagine a more ideal buyers' market.

Apart from the random bargains that can be found among distressed property sales, buyers benefit from the fact that the better agents increasingly are able to insist that vendors do not waste every one's time by asking over-optimistic prices.

Noel Flint of Knight Frank & Rutley's Sloane Street office (071-834-8171) has a good example of this more realistic approach to asking prices at the top of

the market at 45a Chester Square, SW1. The no-expense spared refurbishment of this four-bedroom Belgravia house inspired an initial asking price last year of £2.95m. Now that KFR is selling the 60-year leasehold jointly with Aylesford (071-351-3740), the price has been cut by £1.4m. The house is now on offer at a significantly more attainable £1.55m.

Chill winds still biting in East Anglia

INTEREST rate cuts in the early summer inspired a number of East Anglian agencies to talk about a revival of buying interest and a firming of housing values. In the event, it proved to be a short-lived remission from a continuing downward slide of 1989's peak values.

In the regional house price survey from the Halifax Building Society analysts noted that the price rises in the second quarter of the year had been reversed by the third quarter. The society's figures suggest a year-on-year reduction of 4.7 per cent in regional values overall, three times the society's estimate of the reduction in housing values nationally over the same period.

These average price surveys do have to be seen in context. They can be no more than rough guides to value pointers to the wider trends in market activity. As such, the figures for East Anglia confirm the extent of the reaction within the region's housing market to the spectacular price increases recorded there in 1987 and 1988. East Anglia is expected to be one of the major population and job growth regions of the European community in the 1990s and it is only a matter of time before housing demand starts to move ahead of supply again.

In the meantime, repossessions, builders' deep-discounted new homes, and the arrival on the market of yet more surplus agricultural buildings combine to keep property prices down inland. But homes on the Norfolk and Suffolk coasts are beginning to attract competitive bidding again.

Nigel Steele of Strutt & Parker's Norwich office (tel: 0603-617431) reports a market

revival of interest among second home buyers from both London and the Midlands for properties along the North Norfolk coast.

"Anything that is at all unusual, and anything that is reasonably priced attracts a lot of interest at the moment. There is a shortage of good properties anywhere along the coast from Burnham to Sheringham. Once you go around the coast as far as Cromer it is shingle beaches and the prices drop."

Steele reports that the main demand is for second homes in

the London market has had its effect. Nicholas Touby, of Aldeburgh agency Touby and Son, (0738-452066) confirms that there have been far fewer would-be buyers turning up with ready cash from the sales of a London home.

Nevertheless, there is a steady turnover of local market homes away from the sea and visitor houses, where prices on Touby's books range from £150,000 to £200,000, a differential that also helps to reflect the value placed on the sea view from different properties.

Most of these asking prices seem open to negotiation. As Touby says: "A number of people have been asking quite demanding amounts for their properties. In a market that still is depressed, it is unrealistic if they really do want to sell."

This is the beginning of the price haggling season for these coastal properties. Holiday homes by the sea are best bought out of season, preferably in the lull of a force 10 gale when you have the chance to see whether you really do want to spend money on something that the elements will batter year in and year out.

One of the particular appeals of the Aldeburgh market for holiday home buyers is the strength of the rental market. There is never any problem renting houses in advance of, or during, the music festival in June. But, even outside that particular cultural highlight, there are staff from the nuclear reactor plant at Sizewell and US Air Force personnel willing to spend around £350 to £400 a month for a family-sized house on a long letting. Rentals in high season would be nearer £200 a week.

John Brennan reports on the state of the second homes market

the £150,000 to £225,000 range. On that north Norfolk coastal stretch the price range would be sufficient to cover most of the three- to four-bedroom cottages and better barn conversions that are on the market. That range also serves as a rough guide to the premium you could expect to pay for a sea view.

On the "smart" second-homes section of the Suffolk coast, seaward from Saxmundham and along The Sandings from Orford, Aldeburgh and up to Leiston, the holiday homes market depends more heavily on London buyers.

The festival town of Aldeburgh traditionally draws its incoming buyers from a rather wider catchment area. But here too the sluggishness of

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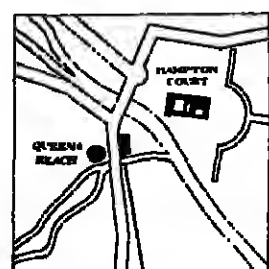
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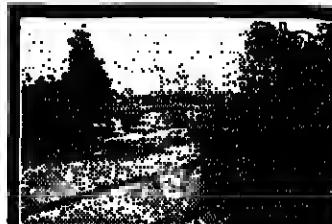
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PERSPECTIVES

Always a borderline case

Kieran Cooke on the idiosyncrasies of life along one of Europe's firmest frontiers

THERE ARE some very confused animals along the Irish border. Artful traders and farmers move livestock back and forth between Northern Ireland and the Irish Republic to take advantage of various EC subsidies and currency changes. Locals say the cattle have gone dizzy. Sheep constantly loaded on and off trucks have been suffering from vertigo.

The Irish border bobs, ducks and weaves for 303 miles through the Irish countryside from Lough Foyle near Londonderry in the north to Carlingford Lough on the Irish Sea in the south.

On the drive into County Fermanagh in Northern Ireland from County Cavan in the south, two Garda - Irish policemen - were checking cars on their side of the border. Both Dublin men, they were unsure which road I should take. After much discussion they pointed me down one that had a sign - "Unapproved road".

The frontier posts of Europe are being dismantled, but in Ireland they are being strengthened with checkpoints and watchtowers. There are 300 roads crossing the Irish border; of these, at least 80 have been blown up or blocked by the British army for "security purposes". Twenty roads are designated as approved crossing points. Seventeen have customs posts. The remaining roads are "unapproved" - men but watched with great suspicion by both the security forces in Northern Ireland and the Irish customs service.

People on both sides of the border say they know when they've crossed into Northern Ireland - the car stops rattling. County Cavan is one of the Irish Republic's poorest counties and has some of the worst roads in the country. At recent local elections in the Republic a number of candidates in Cavan successfully stood on behalf of the "Pothole Party". Not only are the roads of Fermanagh smooth, there is a profusion of road signs, enough to make even the tourist feel at home. In the south, road signs are few and far between, some marked in kilometres, others in miles, some pointing the wrong way.

In the space of a mile the look of the countryside changes. In Fermanagh it is neat, almost prim. The whole place reeks of order. The verges are cut, the fences freshly painted. The south has a more haphazard, but warmer, feel about it.

Sean Quinn is a true border person. Born and brought up on a small farm in County Fermanagh he moved house 15 years ago to just over the border in the south. A local boy made very good, Quinn now has a modern cement plant just inside Northern Ireland and a newly built £15m hotel - complete with jacuzzis in every room, indoor swimming pool and an 18-hole championship golf course - two miles over the border in County Cavan.

Quinn is a bit of a legend in these parts. Some years ago he was held up at the heavily fortified army checkpoint just outside his factory. Quinn, a Roman Catholic and former star of the county football team, lost his temper and knocked a British soldier to the ground. A full scale security alert resulted and, Quinn admits, he was lucky to escape with his life.

His other claim to fame is the way he is redrawing the Irish border. The quarry at the side of the Quinn cement plant extends into the South. Gravel and clay is eaten away, loaded on trucks and brought across the invisible line into the North, to be made into cement - often subsequently carried south again as finished product. "I



Churchyard at Forkhill, County Armagh: in the space of a mile the countryside changes

don't like to say I'm moving the border - just lowering it", says Quinn.

Like most people in the border region, Quinn has become used to the army checkpoints, the helicopters clacking overhead, the guns. But danger is never far away. "The other day a bunch of my workers was nearly killed. One was getting married, they had a few drinks and broke the lights at the checkpoint, blowing their horn. The soldiers reacted sensibly, but it could have been a disaster." Though Quinn describes the border as a "crazy thing", he is pessimistic about any change. "Sometimes the checkpoints are closed at night and people who want a night out at my hotel in the South have to make a big detour to get home, back into Northern Ireland. But I don't see the politicians on this island sorting things out."

As every smuggler knows, things are cheaper in the North. While price differences are not as great as they once were, smuggling is still one of the main border industries. Petrol, whiskey, electronic goods, even illegal growth hormones for cattle called "Angel Dust", are all part of the smuggling trade. On the northern side of the border there are busy petrol sta-

tions, shops and off-licenses dotted along the road. Petrol stations on the southern side are derelict, devoid of business, while the shops have a dusty, unused look.

Almost every village on the northern side shouts out its tribal declarations. Derrylin, just up the road from the Quinn cement plant, has an Orange Hall at one end, and a large Union Jack flying from the top of the Protestant church. The kerbstones are painted red, white and blue. At the other end of the village, only a few hundred yards away, the kerbstones are green and white and gold. A crude fresco of masked IRA men and the slogan, "In Gaelic, 'Our day will come,' is painted on the side of a council house.

Near Derrylin there is a house which sits exactly on the border. Until recently, three brothers lived there: they could sleep in the south and have their meals in the north. They would show visitors the sofa you could sit on and let the border run through you. Colin Toibin, the Irish writer, met one of the brothers while researching his book *Walking Along the Border*. What, he asked, was the worst part of living on the boundary between north and south? "He looked across the

road and the hill beyond the ditch. He left a dramatic silence. The interviewers, he said, the reporters, the television cameras... there wasn't a single day went by that there wasn't a knock at the door... people had come from America and all over to see the house. They never had any peace, himself or his brothers. That was the worst thing."

The border, which came into being as a result of the 1920 Government of Ireland Act, cannot be easily rubbed away. Even if there was peace - if the IRA and the other paramilitaries gave up their campaigns and if the army was sent back to barracks - some sort of line between the two parts of Ireland would probably still remain. For one thing, Northern Ireland's one million Protestants would not simply go away or allow themselves to be absorbed into a green Irish mist. "It helps to remember", says the Irish travel writer Dervla Murphy in her book on the North, *A Place Apart*, "that the Protestants have been in Northern Ireland longer than the whites have been in the US. It is now their country as much as the Catholics; they have no other. Had the Gaels been subdued as effectively as the Red Indians and

the aboriginals there would be no disputing that point..."

There are also different attitudes, different ways of going about things. The northerner - often Catholic as well as Protestant - might see the southerner as easy going and good company. But the southerner is also thoroughly unreliable, often devious, unkind, slothful and full of wind or "blather". Worst of all to a northerner, the southerners do not obey rules and have no respect for the law. As a senior member of the Royal Ulster Constabulary once told me: "We Ulster people are not like the people down there. We are a very law-abiding community - it's just that we have the unfortunate habit of killing each other."

To the southerner, the northerner is a corrected, inhibited individual more to be pitied than disliked, direct to the point of rudeness and tight-lipped to boot. The "Black North" is full of church-going hypocrites, zealots who think nothing of combining prayer with killing. Southerners rarely travel to Northern Ireland, nor are they interested in the province's affairs. Northerners go south on their holidays, worried about having their shiny new cars

stolen. I once talked to a man on the northern side of the border who had witnessed a massive IRA bombing in which a number of soldiers on board a coach were killed. Yes, the bombing was terrible, he said. I told him I'd driven up from Dublin. All thoughts of the coach carnage were forgotten. "Dublin? Now isn't it wild expensive down there? And the crime is something shocking."

Clones, a town in County Monaghan two miles on the southern side of the border, has a Balkan look about it, an in-between place. County Monaghan, along with Cavan and Donegal, is part of the historical province of Ulster. The border has cut off towns like Clones from their natural hinterland. Johnny Madden, ex-Eton and Lloyds, lives at Hilton Park, a Protestant pile of a house near Clones.

The Madden family has been in the area for 250 years. They once farmed more than 12,000 acres. The border, plus the imposition of various taxes over the years, has cut the family holding to 600 acres. Along with many locals, Madden is vehemently opposed to the way the British army has closed border roads. "Just by blowing up one road the town of Clones - once a thriving place - has literally died and it's affected the whole area."

Times are tough at Hilton Park. Madden and his English-born wife Lucy - sparkling eyes and voice like ripe Camembert - take in guests to help pay for the running of the estate. "I suppose we are a bit of living social history", says Johnny Madden. "We tend to cater for rather eccentric, down-at-heel up-market people, if you know what I mean." Does Lucy ever hanker after England? "What? And live among those people? I read somewhere that the typical Englishman is one who conspires all his life to have a railway carriage to himself. I think that's about right - and terribly sad."

Back over the border and yet another checkpoint. "Don't blame us, blame the terrorists" says the sign at the barrier. Squaddies with Scottish accents ask questions, want to see an ID. There is no loose chat. Around here, everyone is treated with suspicion. Further on I stop to make some notes. Ten yards ahead an army foot patrol emerges from the hedge, bristling with weaponry, their faces blackened. More questions, the number plate checked over the radio. "Carry on, Paddy", says the soldier. It sounds vaguely threatening.

Last stop is back over the border again to the town of Swanlinbar. Oonagh MacGovern is the proprietress of the "First and Last" bar in the main street. I am the only customer. "There was a time when the main street here would be packed with cars from the North", says Miss MacGovern. "That was when the pubs in the North would be all shut on Sundays. There were once 12 pubs for 250 people in the town - now there are only seven." Apparently drink gave the town its name. "A Mr Swan and Mr Linn arrived and set up a bar - that's what they say, anyway."

Swanlinbar was once a spa resort. We go to drink the waters, which smell of rotting mushrooms. It is a beautiful evening. "There have been some terrible times round here", says Miss MacGovern, "but I love the place." I drive off southwards. Surrounded by the lakes of County Cavan - locals boast that there is lake for every day of the year - the border, Northern Ireland, bombings and army patrols seem a thousand miles away. The car rattles again.

GARDENING

Apples from the teacher

Arthur Hellyer visits Brogdale and sees how a pruning has proved fruitful

BROGDALE is shorthand for the Brogdale Horticultural Trust, an organisation that opened officially in May to take charge of the National Fruit Trials at Brogdale Farm, Paversham, Kent. These trials, the largest of their kind in Europe, used to be funded wholly by the Ministry of Agriculture, Food and Fisheries but the Government wanted to prune spending on horticulture.

To this end, it sold the 148-acre farm and its buildings to a new organisation, an independent, non-profit-making trust which was able to buy the site with financial support from the Duchy of Cornwall, Swale Borough Council and the Worshipful Company of Fruit-eaters.

What they got for their money included collections of more than 2,300 varieties of apple, 500 of pear, 350 of plum and 220 of cherry as well as citrus fruits under glass.

I visited Brogdale recently to see how things were progressing. The answer is: very nicely as far as the established character and work of the trial grounds is concerned but not very far with planned new undertakings such as a series of specimen fruit gardens demonstrating the many ways in which hardy fruits can be used, for profit and pleasure, in private gardens.

Visitors to Brogdale are very welcome and there is a small restaurant. They are conducted around the trials by staff and can also walk freely in

some parts of the farm - but not, as yet, in the fruit collections.

This is partly for security reasons and partly because they are so large that they become almost meaningless without explanations from an expert. I objected to this arrangement at first, thinking I was capable of guiding myself, but I had to admit, when I had completed my tour under a very knowledgeable guide, that I was wrong.

When the new visitor features are completed, there will be free access to these collections. But do not be afraid to come to Brogdale now: there is an enormous amount to be seen. I confined myself to the apple collection, two trees of each variety, and found it quite sufficient for one visit.

You wouldn't want to grow some of the varieties that are retained for historical and scientific purposes and also as a gene bank for particular qualities such as flavour, appearance, pest and disease resistance, and climatic tolerance - that might be required in breeding programmes.

For example, I saw Decio, said to be a Roman apple grown in Britain around 450 AD. In the trial, it looked no better than the crab apple. But all trees get the same standard cultivation; and perhaps with richer soil and heavier pruning, Decio would look rather more inviting.

There was another side to my education. Time and again I asked for the name of a variety, only to be given one

that was totally unfamiliar to me. These included Belle Flavioise, a brilliant, early-ripening, all-red apple which had dropped all its fruits on the ground, apparently in a single night; and Rosa du Perche, a good-looking, late dessert apple which no-one but an expert would be likely even to have heard about.

I also saw Wijkik, an extraordinary sport from Mackintosh that occurred about 30 years ago in a British Columbia orchard, was recognised by the owner as potentially valuable, and has been used since to produce a new race of apples collectively known as Belle-rina.

The peculiarity of Wijkik is that it does not make any side branches, just one straight stem with short side-growths or fruiting spurs. It is, in fact, a self-pruning apple and this is apparently a dominant characteristic.

On average, one out of every two seedlings produced with Wijkik as a parent has this single stem habit. Nevertheless, it has proved difficult to get self-pruning varieties of acceptable quality and, so far, only a few have been put on the market.

One, named Maypole, has carmine flowers in May and is offered as an ornamental variety with the extra use that its fruits make excellent crab apple jelly. Three others, all for dessert, are Bolero (for use early in September), Polka (late September) and Waltz (autumn and winter).

There are other interests at Brogdale.

Fruit is on sale in season and trees are available for planting throughout the year.

They are grown in wholesale pots, a kind of tough cardboard which can be left in place when the trees are planted, although I would prefer to peel it off and tease out the roots a little before placing the plants in their new habitat.

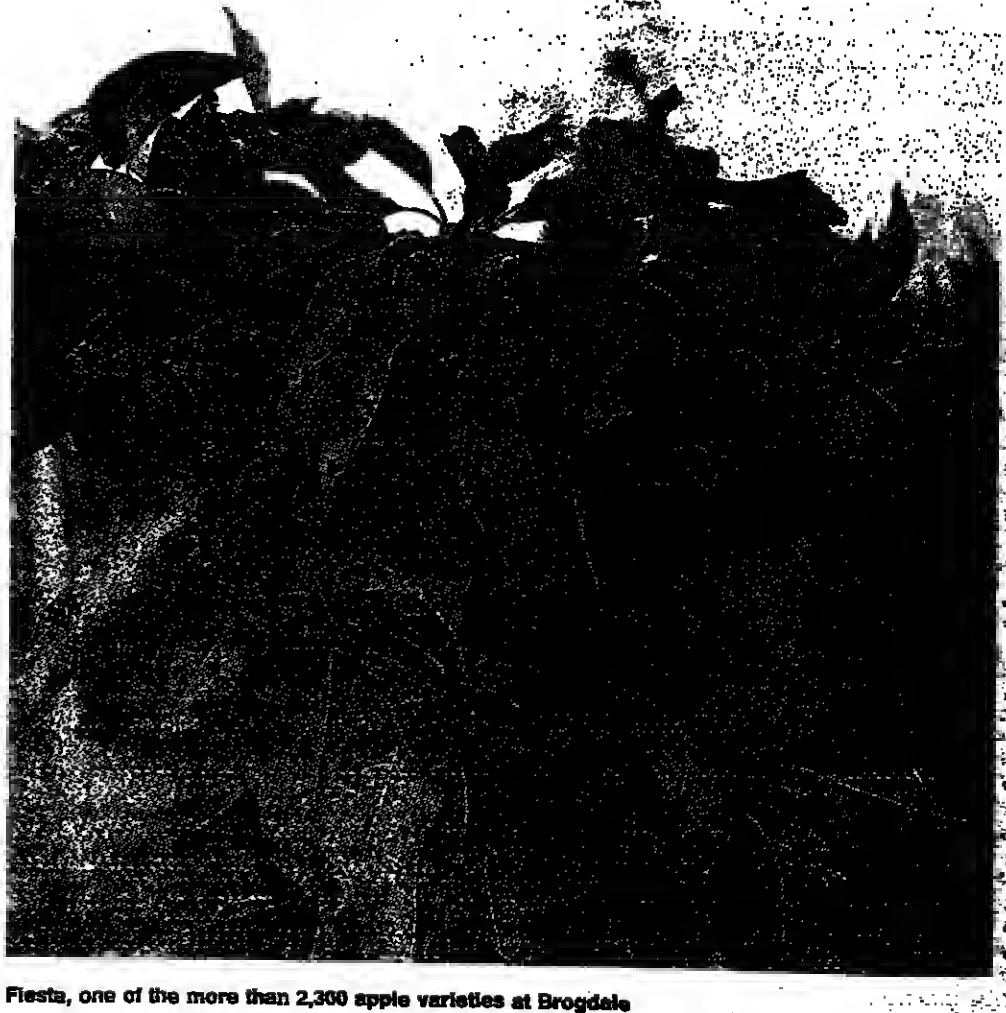
There are also a great many activities: weekend courses of one kind or another, apple and pear festivals, pruning demonstrations, a fruit tree-grafting workshop and many more.

Brogdale experts point out that, years ago, there was likely to be someone in almost every village able to graft an old fruit tree with a new and better variety. Now, that useful craft has almost died out except in nursery gardens.

There is also the Friends of Brogdale, formed with the intention of helping the trust financially and, at the same time, giving substantial advantages to its members.

The cost is £15 a year for a single member and £25 for families, while life membership costs £200. In return, there is free entry for one year (family membership admits two adults and all their children) and a twice-yearly newsletter.

Among other things, this contains a catalogue of the fruit varieties available at Brogdale, advice on fruit problems and identification of fruit varieties. There is also priority booking for Brogdale seminars and workshops and a discount on charges.



Fiesta, one of the more than 2,300 apple varieties at Brogdale

Plant of the week

Malus robusta Red Siberian



This is the most frequently planted of a series of hybrid crab apples, the other one likely to be seen being similar in every respect except that the fruits are yellow instead of red. It is often erroneously called the Siberian Crab but that name belongs to one of its parents, Malus baccata, which is similar but has smaller fruits and is less common in gardens though it has been much longer in cultivation. All these varieties are completely hardy, make medium sized, round-headed trees and have abundant white flowers in April. The fruits are small, globular and very freely produced provided the weather is not too frosty when the flowers are open. They are not fussy about soil but do not like poor drainage.

AH

A

S THE growing season slows, I think I have outwitted my tall, drab hedges. They are made of the grey-green Leylandii cypress, the fastest growth stock in Britain since the wide dissemination in the 1960s. In a few years time, they will be a backdrop, not a dominant presence.

When Leylandii emerged on the market in the 1960s, many gardens had something to hide. It might be a building plot, a garage perhaps, neighbours or a newly-widened road. The Leylandii cypress arrived as a tree which would hide things quickly. It grows several feet in a year: it is a solid evergreen and survives a hard winter. Since the 1960s it has grown furiously, over-filling many of the sites into which it was placed in desperation. The more it grows, the more dreary it becomes. Most of its owners hate it.

There are various ways round this hatred. One has been obscured by experts who have often warned us not to

prune these trees very hard because they will not regenerate and will remain in a lopsided muddle. I have believed them in the past, but I now know that they are wrong.

I have both seen and owned tall Leylandii which have been decapitated and reduced to a half of their enormous height. Within months, they become fluffy once again and conceal the brown stump which was once their upper trunk. Thereafter, they show as much vigorous sideways as upwards: hedges of this tree cause collision between strong lateral branches as the years pass.

The more drastic method is usually preferable: attack them with a chain saw or, if the infestation is serious, hire a JCB digger for the afternoon. The trees snap easily if you change them with the digger's front bucket. The roots are more of a nuisance. You can

hack away at their stumps with a pick-axe, but I have found this job too much for me. A better method is to use a mechanical digger for this task too.

The trouble is that a hedge of Leylandii is usually hiding something even worse. I have had to leave several blocks which a former owner planted in a fit of coniferous zeal. They are about 40 ft high, but I started to see their potential. Leylandii may grow quickly but other climbers will grow up even faster, not least because this tree does not make long lateral roots.

It helps to start with a romantic picture in your head. Mine derives from Afghanistan, on the hills east of Kabul, where white poplars used to grow strongly at the first signs of water and nature had weathered them in swatches of single-flowered white roses.

Perhaps they have now been bombed to pieces, but I have transferred this memory to the Cotswolds and, this year, it seems to have worked.

Up the remaining Leylandii, I have begun to train strong varieties of white-flowered rambling roses. I have banned the famous Rose Kiftgate because it is too vigorous and its weight would break the hedge altogether. Other whites are welcome, from Baltimore Belle to longicuspis. It even seems that the backdrop of conifers gives them shelter. Through the trees I have high hopes of the white rose La Mortola which is not entirely reliable, although its main supplier, Peter Beales, notes that "it seems hardy enough in Norfolk." With the hedge between itself and the worst of the winter stems suffer no damage.

To date, the roses have faced a considerable challenge. Most

of them have to grow on the north-facing side to be visible in the garden; there has been so little rain in the past two years and they are at the base of trees which are 40 feet high. Nonetheless, some of them have already risen to the occasion. The toughest seems to be the unfamiliar rose helenae which is growing merrily in the driest site of all. The most vigorous has been the cluster-flowered Rambling Rector.

Through the cypresses of the Old Vicarage garden, the Rector is rambling vigorously in a handsome second life.

Next year, I have grander ambitions. After careful research, I have settled on six climbing rivals from the nursery of Peter Beales, of Atterborough, Norfolk. The short list runs as follows: Baltimore Belle, La Mortola, Long John Silver, Gardania, Sir Cedric Morris and a huff-flowered sur-

prise called Treasure Trove. Disgruntled owners of a cypress on their boundaries ought to find something which works in this group.

At the foot of the trees, meanwhile, there is a small touch of the Mediterranean. We all know that spring bulbs like a long period of ripening and a hot, dry summer when they are baked without rain. Few of us ever plant them where they enjoy these conditions.

This year, I have opted for the hardy wild cyclamen which are still flowering in late October all over the Mediterranean. They love light, dry shade and the best which I have seen this autumn have all been under tall English pine trees. A Leylandii cypress is not a pine, but its roots are even less competitive along the bottom. I am hoping for hundreds of the best and easiest variety, Cyclamen Neapolitan in its mixed colours of pink and white.

Robin Lane Fox

TRAVEL

Bangkok, a city full of escape routes

Justin Wintle returns to Thailand's capital, and finds it an evil place to live and work

BANGKOK never ceases to astonish me. When I first visited it, 14 years ago, I encountered an immeasurable flatness, a pancake, but a pancake in a spiked frying pan: at irregular intervals it was pierced by conglomerations of cement and glass that invariably consisted of banks or hotels, modernity coming up for air in a soup of timeless sludginess. Not unlike, in fact, most cities in most hot countries without much money.

That was in 1977. The immeasurability remains, but the flatness is gone, as is 80 per cent of the visible poverty. Modernity is a scuffle of office and apartment blocks — has surfaced with a vengeance. The Dusit Thani, once the only really tall building, is now hemmed in by mini skyscrapers, and the complex of temples and palaces by the river looks more and more like miniatures.

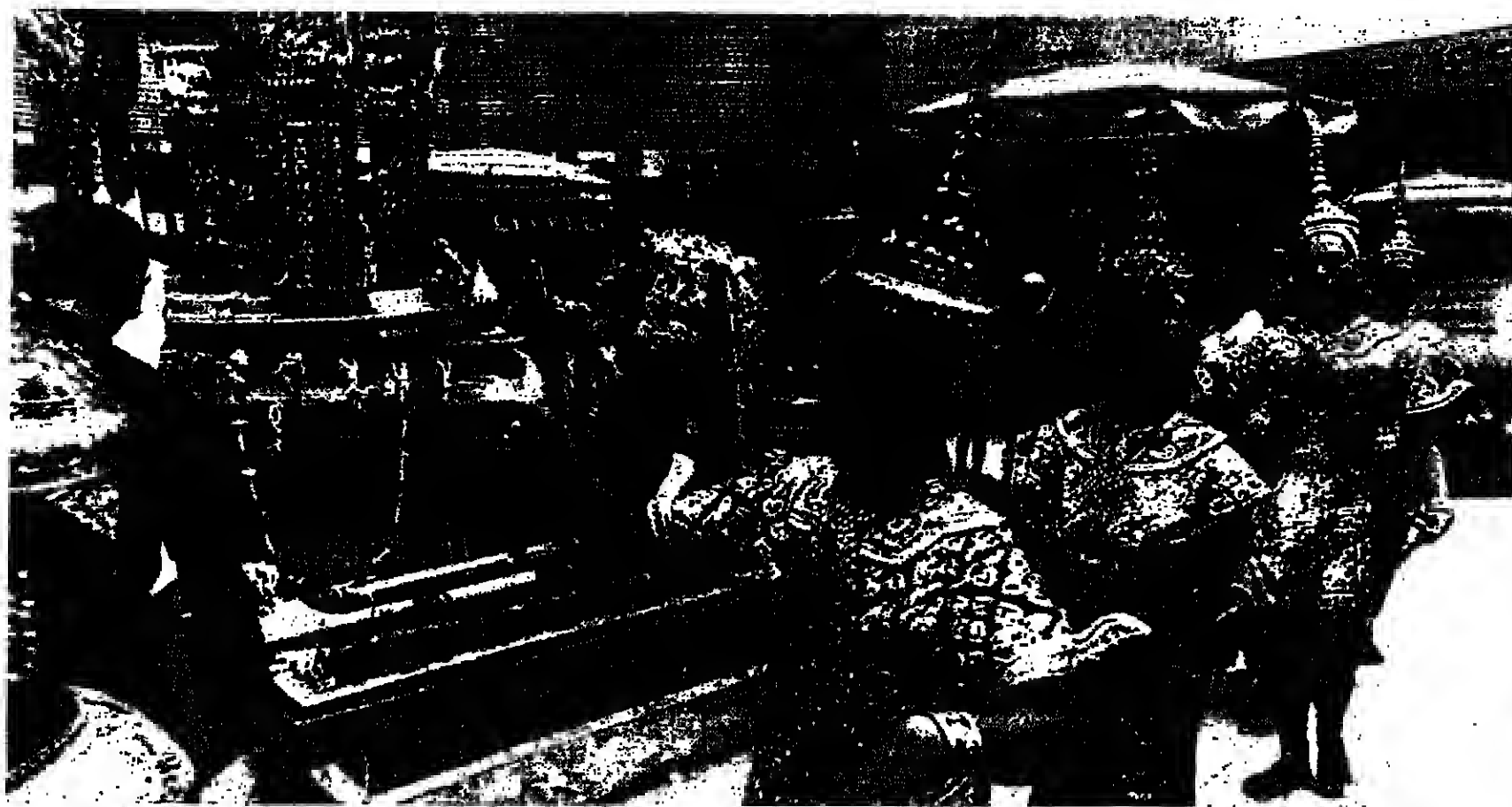
The city, it seems, just keeps pouring in. The corollary of this is that Bangkok for all its attractions and entertainments, has become an evil place in which to live or work. The air is so polluted that you can stick a fork into it, while the traffic, at any time between ten in the morning and seven in the evening, just does not move. On business, you are lucky if you can squeeze in three meetings a day, if you have to travel from A to B to C. And that does not allow any time for necessary showers or changes of clothes.

The problems arise from the unplanned nature of Bangkok's growth — the sewerage defies explanation — and the absence of any effective mass transit system. The water table beneath Bangkok prohibits an underground metro, while plans to build overhead monorails are no further advanced now than when they were first mooted ten years ago.

In these circumstances, nearly every visitor quickly finds himself plotting an escape, regardless of whether it was his intention to venture outside Bangkok before he arrived.

Fortunately, escape routes is what the tourist industry specialises in. Not that every escape destination has itself escaped overdevelopment. Phuket, an island once described as the Pearl of the Orient, is today more like a mildewed pea. A similar fate is rapidly overtaking Hua Hin, formerly a ravishingly pleasant coastal resort on the Gulf of Thailand. And as for Pattaya...

Pattaya's best defence is that it never did have pretensions about being a resort. Three hours drive south-east of Bangkok, it has always been the capital's overflow beach. Go-go bars face directly on to the strip of dirt that perhaps once did contain a few grains of golden sand, while the town boasts no less than three drag-queen palaces: Alcazar's, Tiffany's and Simon's. In the evenings each one of these puts on a show in which transvestites mime their way through a selection of



A shrine to the Hindu god, Shiva, in the grounds of the Erwan Hotel, Bangkok

hits, dancing and prancing in front of sets that would be the envy of many West End theatres.

More disturbingly, Pattaya, still the target of US Navy shore-leave visits, has witnessed a spate of tourist deaths — more than 100 in the last year alone. The cause is nearly always the same: a mixture of sun, alcohol and hard drugs. Pure heroin especially is easily available. Western addicts, used to having their fix cut several times, are simply unaware how much they are injecting.

On the plus side, Pattaya does boast several well-run and more or less self-contained luxury hotels, where those who have only a few days in which to flee Bangkok can find all the creature comforts, and enjoy the twidly vibrant nightlife at arms' length.

Of these cases of sanity, two offered me hospitality. The Dusit Resort, fully living up to the high standards of the Dusit Group, and situated at the north end of Pattaya Beach, was refreshingly full of Thai couples with their children, while

foreign guests were discouraged from entertaining ladies of the night. In the night, as well as good tennis courts and a well-equipped health centre there were two pools. The lunchtime *dim sum* on the rooftop restaurant was exceptional. But the real highlight was the bathroom in my suite. It was simply huge.

At the other, south end, of the beach was the Dusit's rival, the Royal Cliff Beach Resort. In reality three hotels in one: a central section for the hundreds (the Royal Cliff specialises in incentive schemes), a honeymoon and family wing, and the very upmarket, beautifully appointed Royal Wing. Which of course is where, away from the assembly-line, you truly stayed. In another suite overlooking a free-form pool strategically punctuated with open-air jacuzzis, ineffable.

Pattaya though was not the place to relax in. One was constantly concerned about the wellbeing of foolhardy parasailers, dotted about in the sky above the waters. For a grand holiday I headed down to Samui, a Gulf island on the east

side of the Kra Isthmus. Samui has been on the traveller's map for a decade at least, but until recently only as a hippy paradise. Its early fame had much to do with an indigenous mushroom which, if mused in buffalo dung, induced paroxysms of enlightenment.

All that is changing, as Samui endeavours to become the place that Phuket once was, or is supposed to have been. The cookies are no longer sold. To ferry the more affluent to a growing number of idyllic resort hotels an enterprising Bangkok businessman, Dr Prasert Prasarthong-Goth, has built up a fleet of Dash 8s, alias Bangkok Airways. And having nowhere to land his turbo-props, he also created his own "environmentally friendly" airport. A cluster of elegant wooden pavilions looks out over a single runway that is fringed with swaying palms. And, in case anyone should doubt the greenness of it all, there is a zoo.

When your aircraft touches down, a

bevy of well-drilled children in traditional Samui costume are waiting to greet you with a traditional Samui dance. Hawaii, one wonders, or Thailand?

But one need not mock. Although Samui boasts 5,000 tourist beds (compared with 7,000 in the whole of Vietnam as of January 1990), it is very much a tropical island in its own right: the coconuts are real, and there is still room for everyone. Indeed, the only drawback to the hotel where I stayed, the Imperial Tongsal Bay, was the amount of walking I had to do. My room consisted of a bungalow set in its own garden several hundred yards from the restaurant, pool and other facilities.

But, if my city-legs were easily overcome, then so too were my senses. The bay itself was a riotous palette of azures. Any problems were *toutes psychologues*. What does one actually do if one finds oneself abruptly transported to the sort of dreamy environment normally found only pinned to the walls of a travel agency?

One swims, never enough, one eats, always too much, one moons about inside

a horrifyingly empty head, one talks a little to others, and one drinks. Also one sings, or at least at the Imperial Tongsal one sings: for in the evenings the staff are ready with pianos and songbooks, and it takes rare determination to resist their overtures.

Then one dances, not just any old dance, but the *ramwong*, the customary dance of Thailand, done mainly with the hands, fingers joined and curling back like peeling banana skins, a slow, elegant cavort.

You can do other things on Samui too, of course. For starters you can trip over to neighbouring Pha-Ngan, an island without roads, where some of Samui's erstwhile hippies have washed up naked on beaches that actually are white, lying with their D.H. Lawrences sinking into the sand, or walking into the sea on their hands. You can take your snorkels or scuba gear with you: the crevices of the coral rocks emit striped fish like brilliant thoughts escaping decayed brains.

You can explore Samui itself, its waterfalls, its coconut plantations, its watersport venues, or a famous penis-shaped rock at Lamai, disingenuously named Grandfather Rock, or you can visit Dr Sukoom's herbal health clinic.

Over the course of a long life Dr Sukoom has experimented with more than a thousand herbs, and claims to have a cure for most ailments. His particular pride though are his pyramid steam rooms, pioneered with the help of a nameless German. I suspect a disciple of Wilhelm Reich. At the back of his garden two wooden pyramids are piped up to a contraption that is probably an advanced electric kettle.

Stripping off, I climbed inside one of these, lowering the hatch behind me. Inside was dark, exceedingly hot and increasingly scented with chrysanthemums. Soon steam began hissing at me from under the bench on which I lay. Soon too small animals began dropping from the upper rafters onto my torso.

These turned out to be large red ants, writhing under the treatment. Pretty soon I'd had enough. I took three showers, drank two litres of water, then lay down on another bench in readiness for a traditional, healthy massage, the other half of the therapy.

But I was doomed to disappointment. The masseurs and masseuses were all of a family and, while I was in the pyramid, their cousin's body had been found in a field, riddled with knife wounds. On hearing this, they had all decamped to the temple, to watch the burning.

Information: Flights-Thai Airways (tel: 071-499-9113) has daily flights from London Heathrow to Bangkok. APEX return £726 (Oct-Nov) £840 (Dec-Jan), normal economy return £1,244, full economy £2,118. UK passport holders require a visa for stays of more than 14 days. The Royal Thai Embassy is on 071-589-0173.

Cold, wet, dark, terrific

RETURNING wind-swept from a week in north Wales, my tales of draughty farmhouses, log fires and deserted castles drew two reactions from friends. Either they thought I must be a masochist who enjoyed cold showers in heated bedrooms, or they felt that the peace I had found sounded wonderful and wanted to know how they could rent cottages.

No, you do not have to be a masochist to enjoy rural Wales in mid-winter, but it helps. What you do need is a touch of the pioneering spirit in a landscape so unpopulated it seems hard to believe it only a few hours' drive from London. With that, and a penchant for long conversations around open fires, rain-soaked walks and bleak medieval ruins under menacing black skies, you might actually enjoy the experience. I do for all those reasons and with a third consecutive Welsh winter holiday lined up I have got past the freezing bedrooms and the endless dark evenings precisely for all those mysterious Welsh jewels unlocked only when most tourists are in hibernation.

They include, for example, Harlech castle or the sight, on a late December afternoon, of the ruined castle of Princes Llywelyn the Great, perched on an outcrop in the middle of the Dyfnant Valley; one of the unknown treasures of medieval Europe. At the Cistercian Abbey of Cwm, near Dolgellau, in the off-season you rap on the door of the farmhouse opposite for entry tickets or the famous half-Llyn narrow gauge railway which during Christmas week offers free home-made sherry to passengers who have changed up the valley with it to Abergynolwyn.

A winter rental holiday in Wales is not for faint hearts. But it is a break, usually at rock-bottom prices, for those otherwise

saving for the big summer vacation who could use a week away from the office between November and March.

The Christmas and New Year period is the most popular for off-season Welsh breaks and indeed has recently become so popular that most cottage rental companies price that fortnight as mid-season. Our five-bedroom farmhouse rented for Christmas week 1990 inland from Tywyn on the Cardigan Bay cost us £250 compared to a summer peak of £350 and a winter low rate of £148. Split three ways with two families plus the mother-in-law it came to an easily

Michael Burton explains why he keeps returning to Wales in the depths of winter

affordable £83 each. But book well in advance; from experience we book our Christmas/New Year period the previous spring and even then the best, in particular the large family lets, have gone.

Outside those weeks the season between November and March has rented cottages for the taking at bargain low-season prices. This is hardly surprising. Heating in most rented Welsh cottages and farmhouses is still very basic. In mid and north Wales, the most attractive and remote parts of the country, central heating is almost non-existent in the rural rentals.

A typical rental boasts electric radiators and open fires but the radiators gobble up coins like slot machines. And the log fire is lovely once it gets going but it only heats the room it occupies. The owners

usually supply bags of logs and coal at about £1 and £2 respectively.

Having mastered the first principal drawback of a winter Welsh holiday, the second is daylight, or rather the lack of it. With the sky black as pitch by 6pm, the wind and rain lashing at the back door and still five hours to go before an early bedtime the winter rental takes on a new dimension. But in the right company, a healthy log fire stacked up in the grate and a fine bottle of claret warming next to it, this is the highlight of a winter break, a reward for the hard day's sightseeing.

And there are plenty of sights to see. Wales is alive and well in winter. Most holiday rentals are stuffed with local brochures acquired and left by previous tenants. Local information published by Cadw, the Welsh Historic Monuments body, shows the nearby ruins, most of which are open or accessible during the winter months between 9.30am to 4pm. The Cadw guide to mid-Wales alone lists seven historic sites all within easy driving distance. The ideal winter's touring day includes not only the historical or natural sights but also a pause at one of the delightful country towns which abound in the area, such as Machynlleth (site of the first Welsh parliament) and the first Laura Ashley shop). Dolgellau, Welshpool, Llanidloes or Aberystwyth.

After that 6pm just as well be 2am so deep and dark is the country night. The seasoned winter visitors arrive back at their tents, kick off their boots, light the fire, pour a drink, prepare the meal, and later dose off in front of the blazing fire, dreaming of Welsh legends and wind-blown castles.

Welsh Tourist Board: 8-14 Bridge St, Cardiff. Telephone: 0222-49909. Cadw, Welsh Historic Monuments, Brunel House, Fitzalan Road, Telephone: 0222-463511.

Travel News/David Churchill

Gloom over package deals

THE EARLY buoyancy of package holiday bookings for next summer, following the launch of most brochures at the beginning of September, has fallen away, according to the travel trade.

The overall level of bookings is reportedly the same as last year, itself a bad time for holiday companies as the Gulf crisis gathered momentum and the recession began to bite. Travel companies had been hoping for a significant upturn.

The fall off in bookings in recent weeks may be due partly to the uncertainty about the timing of a General Election. Past experience shows that people are reluctant to book or take holidays during the run up to an election. The range of special early deals may have had the desired effect of drawing in early-bookers but it has revealed the fragility of the sales recovery.

Most tour operators, however, are likely to keep their nerve. The majors — Thomson, Owners Abroad, and Airtrav — are all doing better than last year because of the absence of the International Leisure

Group from the market and are under no pressure to try to stimulate the market. Airtrav, especially, has a number of deals on offer related to children.

The multiple travel agency chains are also picking up business at the expense of small, independent agents by a combination of advertising promotions and discounts. Lunn Poly and Pickfords are the main discounters, with Thomas Cook discounting in comparatively few outlets when up against rival Lunn Poly or Pickfords shops. But, if after Christmas consumers continue to hold back from booking, then expect more discounts.

Next year sees the 10th anniversary of the restored Orient-Express luxury train, so the event is being celebrated with extra trips within Britain to give more people the chance to experience the ride. New excursions include an overnight trip from York, including a private tour of Castle Howard and a gala dinner. The cost is £135 per person. Details 071 928 6000.

Swan Hellenic, the tour operator and

cruise company, will next year be making its first visit to South Africa with an 18-day programme starting at £3,575 and including Durban and Capetown. Other new tours from Swan Hellenic cover Moscow and St Petersburg. For details tel: 071-831-1616.

More than 180 different places for families to visit during the winter months in East Anglia and the south of England are listed in a new tourist guide available from tourist information centres or by calling 0708-820555.

Proposed new European Community rules covering package holidays do not go far enough in curbing last-minute surcharges from tour operators and travel agents, according to the Consumers' Association. It wants the Government to adopt the existing code of practice set out by the Association of British Travel Agents which requires that no surcharges be imposed within 30 days of holiday departure. The EC is proposing a 20-day cut-off point.

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BOOKS

Christianity lies in an empty tomb

A.C. Grayling applauds an atheist's enquiry into whether the Bible is literally true

EVERYONE must at some time enquire whether religious claims are true. This applies as much to believers as non-believers. Any such enquiry has to involve examination of the evidence, typically recorded in documents like the Christian Bible, the Torah or the Upanishads, in each case variously offering theology and history, morality and law, and in each case claiming to be not merely true but the ultimate truth. The question is: are they true? If so, to what extent, and in what sense?

Many believers disdain enquiry of this kind. Their interest is in - for example - the Christ of Faith rather than the Jesus of history. They regard critical evaluation of religious claims as at best irrelevant, at worst blasphemous. Some believers do the opposite, seeking to profit from scientific studies of religion by claiming their support. A classic example is Werner Keller's famous bestseller about Bible archaeology.

Robin Lane Fox's poised and lucid enquiry confronts the challenge of assessing whether the Christian Bible is literally true. He concludes, on the basis of a fascinating investigation, that it is not. But there is, he says, truth other than literal truth, and he finds it throughout the Bible. He calls it "human truth": it is the insight into human experience which any great literature conveys, whether fiction or not.

Lane Fox is an historian and an atheist, so his interest lies with a more basic concern than faith. His aim is to apply to the Bible two rigorous tests for factual truth: do the Bible texts cohere with one another internally? And, do they correspond with external fact? On the first test, he argues, the Bible fails badly. As an assortment of texts which grew together over centuries, subjected to heavy editing with the needs of theological propa-

ganda always in view, it is a "marvellous tangle" of inconsistencies. Lane Fox observes that some of its books were so patched and changed that they are no longer fully intelligible. On the test of correspondence the Bible sometimes fares better, particularly in its later parts. Details in Nehemiah, for example, chime well with independently ascertainable facts about Persia. Lane Fox detects a primary source

THE UNAUTHORIZED VERSION: TRUTH AND FICTION IN THE BIBLE
by Robin Lane Fox
Viking 478 pages, £20

here: it is perhaps an autobiographical reminiscence. Lane Fox similarly thinks that John's Gospel is a genuine eyewitness account by the "disciple whom Jesus loved", related, admittedly, with a heavy interpretative slant of historical events in first century Palestine.

But correspondence with external fact, when it happens, is only one dimension of these texts, and their powerful theological bent displaces them from the realm of literal truth to that of faith and "human truth" instead. Most significantly, Lane Fox finds that neither archaeology nor the witness of heathen contemporaries yields the Bible much support.

In Lane Fox's view the key lies in recognising that the Bible's compilers were unlike Greece's historians, for whom critical reason and scepticism was essential. The scripture writers were governed by a "grand commanding theology of history" to whose procrustean bed the records had to conform. One Old Testament writer, the Deuteronomist, prompts Lane Fox's admiration by his genuine historical instincts: but he has no peers elsewhere in the canon.

Lane Fox has written a bold book. He will doubtless be

attacked for trespassing across so many different academic specialisms. Old and New Testament studies require wide knowledge of geographies, epochs, languages and religions, upon each of which whole armies of scholars work. Every step of Lane Fox's seven-league boots is likely, therefore, to provoke outcry. But it will be misplaced. On matters of this kind it is valuable to have someone with Lane Fox's generous skills conducting us so readably and judiciously through the issues. It is also good that, when the arguments persuade him, Lane Fox judges unequivocally: early on he asserts that the Genesis stories are "totally untrue", and the same robust language continues throughout.

Nor does he hesitate in the familiar controversies. His views about John's Gospel are a notable example. One theory says that this Gospel, so different from the three synoptics, is a relatively late account: spiritual rather than historical, it is artificially tailored to a three-year Jewish calendar to endow Jesus's activities with ritual significance. Lane Fox concludes differently: John is early and an eyewitness account, he says, and although it is heavily interpretative, it nevertheless preserves a true record of many matters, including the empty tomb.

Christianity stands or falls by historical truth. If Jesus did not rise from the dead, Christianity is false. Lane Fox says John saw an empty tomb. Does this prove Christianity true? It does not, and the argument of the whole book shows why. It is for this reason that Lane Fox describes himself as someone who "believes in the Bible, but not in God". In explaining this, he has written a marvellously absorbing book which deserves, and will get, wide discussion and many readers.



Freemasonry: A Journey through Ritual and Symbol by W. Kirk MacNulty is the latest addition to Thames and Hudson's enterprising and stimulating "Art and Imagination" series

of slim, cheap but lavishly illustrated paperbacks (35.95, 96 pages). This is a medieval representation of God as "Great Architect", from the Bible Moralised of 1250.

A Byzantine carnival

THE SECOND volume of John Julius Norwich's history of the Byzantine Empire begins with Pope Leo III lowering the crown of the Holy Roman Empire upon the head of Charlemagne on Christmas Day 800, and ends with a glimpse of the first crusade. Stretching between the two in Lord Norwich's narrative is a succession of colourful, if often dismal, imperial figures who drift before the reader's eyes like the figures on a carnival float: Michael II "the Stammerer", Michael III "the Drunkard", Basil I "the Macedonian", Basil II "the Bulgar-Slayer", and so on down to the unlucky Romanus IV Diogenes: "an arrogant man with a strong sense of his own self-importance" who found "the dice loaded against him".

Romanus lost the Battle of Mantzikert against the Seljuk Turks in 1071, opening the way for the eventual collapse and complete disappearance of an empire which in 1000 AD was the wealthiest and most powerful state in the world with the possible exception of China.

When volume one of this trilogy came out, it caused considerable annoyance among some professional Byzantinists, in rather the same way that the late Sir Arthur Bryant's works on 17th century England irritated Oxford history dons. This is perhaps why Lord Norwich courteously and disarmingly says in his foreword that he is only writing a story and makes no claim to academic rigour, preferring people to trends -

hence the striking absence of social history or economics.

Instead he refers readers who feel in need of something more challenging to his bibliography, which he promises contains "books of formidable scholarship" but which I suspect most historians will find dated and idiosyncratic, containing, for example, the *Blue Guide to Istanbul* but not Cyril Mango's *Byzantium* - surely the best introduction to the Byzantine Empire - or any of

BYZANTIUM: THE APOGEE
by John Julius Norwich
Viking £20, 389 pages

the works of Peter Brown. Instead Lord Norwich quaries the chronicles to produce a fluent series of vignettes which make easy reading and will no doubt be for some readers an effective introduction to a remote period, especially since the book is decked out with handsome illustrations of the best-known Byzantine paintings and enameled - though there is nothing to link the pictures to the narrative.

But a book which puzzlingly insists on ducking all the big questions all the time makes unsatisfactory reading. This particular Dark Age pageant of monarchs leads nowhere. Eleventh century Byzantium's indisputable power and splendour faded out in four centuries of defeat. No historian can fully explain this failure, but surely Lord Norwich cannot expect his readers to believe that it was just because some emperors were debauched and others too smug?

David Barchard

Shades of Kafka in a struggle for integrity

"A QUARREL in a faraway country between people of whom we know nothing". Neville Chamberlain's notorious reference to Czechoslovakia, in a broadcast of September 1938, still haunts the conscience of the west.

Of all the countries of Eastern Europe it is has now become the one it is easiest for us to know, even if we have not yet been there. This is

JUDGE ON TRIAL
by Ivan Klíma
Chattr & Windus £14.99, 547 pages

THE MIRACLE GAME
by Josef Skvorecky
Faber & Faber £13.99, 436 pages

because we see it in such depth through the eyes of the four major writers it has produced since the Second World War. Havel the playwright, currently occupying a larger stage than that of the state theatre, and the novelists Milan Kundera, Josef Skvorecky and Ivan Klíma. Each of them is a major figure in contemporary literature.

Ivan Klíma, born in Prague in 1931, editor of the journal of the Czech Writer's Union during the Prague Spring, still lives there. He will be in Britain on Monday for a few days for the publication of his novel, *Judge on Trial*. The difficulty of leaving

Czechoslovakia permanently, even when the restriction on doing so is lifted, is something both he and Skvorecky communicate through their characters. *The Miracle Game* is partly set in a town in the US where a number of Czechs have settled. These well-qualified professional people who take a job or an academic term abroad seem drawn inevitably back home. Yet when they are there they have a crushing sense of psychological imprisonment, of total powerlessness against the entrenched might of official absurdity. That feeling, which begins with Kafka (a Czech Jew who wrote in German), is something these modern Czech writers have in common, and it is at its strongest in Klíma.

Both his novel and Skvorecky's cover the period from the Nazi occupation to the appearance of the Soviet tanks in Prague in 1968. Skvorecky's *The Miracle Game* appeared in Czech in 1972; only this year has a translation reached English-speaking readers. Klíma's *Judge on Trial* appeared originally in *Somiesdat* (underground) and circulated widely when it was at last published openly in Czechoslovakia in 1990. It sold 200,000 copies in a few days.

The two novelists deal with the same vast tragic swathe of time, and both show the all-embracing, external pressures affecting the lives of everyone. "They" are always

monitoring everything you do. "They" can be resisted for while but never defeated. Even you yourself, in spite of your resentment and resistance, will soon become one of "them", unless you take employment at one of the lowest, most menial levels of society. Eventually you may be forced to do that anyway. It is hardly necessary to add that for Czechs George Orwell is a literary saint.

Nonetheless in spite of "them", the individual struggles to preserve his integrity. In Klíma he is peculiarly vulnerable as a judge operating the state penal system; in Skvorecky he is an academic who becomes a writer and composer of operettas. Both novels read like personal statements in fictional form. Their narratives gradually unfold, with stunning descriptive clarity, mixing jumbled memories with immediate professional and amorous concerns.

Klíma is of mixed Protestant and Jewish background. He spent three years in a concentration camp as a child, as does his hero, and he gives an amazingly detached child's-eye view of that situation. Skvorecky is a Catholic and is now Professor of English at the University of Toronto. His several lively detective novels, all featuring his Czech sleuth Lieutenant Boruvka, are a cross between Raymond Chandler and G.K. Chesterton.

An unexplained mystery lies even at the heart of *The Miracle Game*, a serious novel stuffed with wisecracks and bitter comedy. A holy statue in a Bohemian village church seemed to move during a service. Was it a prank, part of a smear campaign, a frame-up by the secret police, a genuine miracle? The subsequent investigation takes us through a social labyrinth.

Equally in *Judge on Trial* we are concerned with a puzzling unsolved case, that of an electrician who is being tried for the murder of his landlady and her granddaughter. The state prosecution service seems over-eager for Klíma's hero Adam to convict. As he scrutinises the evidence his own career plunges into a crisis as grave as his prisoner's.

The novel reveals how impossible it is to partition off the private and the public aspects of a life. As in Skvorecky, but even more grimly, the obligations to state and church are seen to cut cruelly across conjugal and family loyalties. Sex, of which there is a great deal in both books, offers only an illusory sanctuary.

These two fine novels are absolutely central to the life of our time and should be read by anyone interested in the power of fiction to illuminate it. The English translations, by A.G. Brain and Paul Wilson respectively, are exemplary.

Anthony Curtis

Waugh minor

THE MORE expensive of these two books is the one I want to make shelf-room for. The young Auberon is upstaged by his father even in posthumous publications, even of a collection of letters that forms the nucleus of a huge and monstrous lifetime's correspondence. It is a lucky dip, so far never disappointing. ("The children are particularly odious. I have never met them quite sober before - I mean when I have been quite sober... I snap at them like a turtle.")

This is not to deny the entertainment value of the son's collection of what to his immediate family must be well-worn anecd-

WILL THIS DO?
by Auberon Waugh
Century £15.99, 238 pages

MR WU AND MRS STITCH: THE LETTERS OF EVELYN WAUGH AND DIANA COOPER
ed. by Artemis Cooper
Hodder & Stoughton £19.99

dotes, set out on a chronological thread to give structure and an appearance of revealed intimate truths about himself. The old fogey circles in which he moves constitute a niche market for his every word.

There is plenty of room for index-hopping, but only who is mentioned, but why. As to a wider audience, there is something to be said for this idiosyncratic account of the experiences of an eccentric Englishman who has lived in grandish country houses and whose affectations of malevolence disguise a mild and courteous demeanour. So far as he is removed from his father that he is even nice to his children.

There is also value in the flashes of light thrown on Evelyn - a serious novelist who has left a lasting impression on literature.

But when all that is said, why bother? Auberon Waugh is a novelist of early promise, who might have developed a lasting clientele if he had persisted. He did not. So he has become a successful writer of newspaper and magazine columns. Yes, they are often very good, whether they constitute satire, or black comedy, or the outpourings of a neglected child crying out for love by saying nasty things. That is, however, all they are. I reckon him to be a hard-working top-class hack. We must salute him as such.

Joe Rogaly

Curiouser and curiouser

Gerald Cadogan reviews the life of a cantankerous Victorian polymath

W HICH Lane Fox changed his name to Henry Augustus Henry Lane Fox (1837-1900), canonised nowadays as the Father of Scientific Archaeology, became Pitt Rivers to inherit the Rivers estate in Dorset and an income of £20,000.

The bright boy of a hunting family, he made his impact on the Army, archaeology and anthropology. He wrote the drill for the rifle that replaced the musket during the Crimean War, and was the first Inspector of Ancient Monuments. His passionate, practical curiosity into how people lived embraced anything from the curbs of native culture still on show in the Pitt Rivers Museum in Oxford - to British prehistory. He was determined to teach all classes about man's origins and how to surmount them.

It was a tall order, since he also believed in the maintenance of social order. Lower classes and non-Anglo Saxons had to accept the misfortune of their circumstances. But even here he saw distinctions: for instance, his museum in Dorset, now disbanded and a cause of continuous family acrimony since his death, included crates carried by women of different countries, collected expressly to show the local women how little they resemble the beasts of burden they might have been if they had been bred elsewhere. And in measuring the chests of 477 officers and men of the 2nd Royal Surrey Militia to elucidate the survival of the fittest, Darwin's not-so-revolutionary idea that suited the class/race notions of Victorian England, all were measured naked, except the officers. He also devised a craniometer, to check skull shape as a guide to ethnic origin and to measure brain capacity - and intelligence.

At home he was a bad-tempered terror. With his wife Alice Stanley he ran a lean, serious house, where they were unhappy together. Her nephew Bertrams recalled her putting the bacon and eggs which house guests had left on their plates back in the dish for the next comer. The General evicted 80-year old tenants and in a scholarly report inserted a choleric onslaught against the Liberals' Ground Game Act of 1880 as an attack on landowners' rights, because it let tenant farmers shoot hares and rabbits damaging the crops. He had no sense of humour. Nor did he like excitement, especially at funerals in Ireland.

Hotel in Farnham. Today his reputation rests mainly on his meticulous recording. It is so good that, even when his explanations are wrong, the details he noted 100 years ago still make sense when we interpret them in the light of what we know now - a high compliment. But he is equally important as a pioneer in applying sciences and reproducing tools and techniques to see how early man lived; that is what makes for the fun and the triumph of the Pitt Rivers Museum in Oxford.

PITT RIVERS
by Mark Bowden
Cambridge £24.95, 182 pages

But his curiosity was fabulous. Rifle drill led to collecting firearms, and that to locks and keys and much else. Then came the thunderclap of Darwin in 1859, spurring the General to classify his ever-growing collections to show the development of material culture as an analogy to natural evolution.

In archaeology he found the opportunity to observe the evidence of man's progress and antiquity in context, and to record it. At first he dug where postings or visits to friends' country houses gave the chance. His best find was the Neolithic flint mines below the ramparts of the Iron Age hill-fort at Cissbury in Sussex. He had plans and sections drawn, and collected snail shells, charcoal and animal bones (as any digger does today, but nobody did then).

When the great inheritance came, he dug every barrow, settlement and dyke he could find on his own land and many on his neighbours'. Besides the new museum, he set up a menagerie where he mated yaks with Jersey and Highland cattle, pleasure grounds with pavilions where 44,000 visitors came in 1899, and the Museum

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This cantankerous polymath Victorian, so modern and yet so dated, has not had a biography before. Mark Bowden brings him to life with sensitivity and imagination - a hard task as few personal papers survive (and no Pitt Rivers is among the acknowledgements). When the General died, British archaeology took several paces back for a generation, and the family feud. His grandson Captain George Pitt Rivers, imprisoned in the Second World War under the Defence of the Realm Act, must have had some of the General's spirit. In *Who's Who 1939* he writes: "Established the methodology of the science of ethnogenics..." On his death in 1966 the Dorset museum was wound up.

ADOPTION is a delicate matter at the best of times: the adoption of a small boy by a single man sets all sorts of alarm bells ringing even in the minds of the most right-on of social workers. David Cook sets out to understand preconceptions, to show that behind every case study there is a limitless complexity of history and emotion.

Graham Holt is a mid-thirties something unmarried sub-postmaster in a Midlands village, the only son of a couple who were apparently devoted to each other. His mother is dead; he is left looking after his stroke-felled father. One day, he adds "A son" to his shopping list. He is neither gay nor stupid: he has merely missed out on closeness. Like his father, in a crisis of loneliness "you take what you can get to contact" and so he sets out to adopt a ten-year-old boy advertised for adoption in the *Guardian*. The kinds of hoops he has to jump through are meticulously documented with a wry eye to the trendy idiosyncrasies of some elements of the "caring" professions. But the force of the novel has nothing to do with reportage and everything to do with an exact, unsentimental perception of emotional deprivation and need.

Enlightened tales of self-deception

The boy, Jamie, is deeply scarred by the loss of mother and father, with a litany of appalling deviant behaviour on his record. By Indirection, Cook reveals that Graham's deprivation is just as great: the story of his parents is fundamentally different from what he has always understood. At the end of the book Graham "finds", then loses, his father; and Jamie's father (an ex-con AIDS victim, the only dubiously over-emphatic note in the book) is found and installed in the house to be cared for. The adoption is approved, against all the odds. Sentimentally is totally avoided; understanding is roused. Apart from his deeply humane values, David Cook can construct a superb fiction.

As can John Fuller who operates on quite a different imaginative plane but whose playful entertainment is a wonder of invention and verve. *Look Twice* is an elaborate fable of self-deception, love and the power of stories. It is impossible to recount the convoluted plot in a short space, but suffice it to say that three travellers, an artist, a magician and a journalist, board a train to flee from an invented central European country some time in the early 20th century. They are joined by a young man, when he is revealed to be a young woman, proceeds to tell them various versions of her story just as they all tell their own. The impossibility of

SECOND BEST
by David Cook
Faber & Faber £13.99, 218 pages

LOOK TWICE
by John Fuller
Chattr & Windus £13.99, 255 pages

THE LIAR
by Stephen Fry
Heinemann £13.99, 277 pages

settling on a version of one's true story, the refusal to face up to it, the avoidance of coming to terms with death before it is too late, and the powerful ways in which fiction can help to achieve enlightenment are some of the messages which emerge from a richly complicated dalliance with fairy-tales, political fable, love stories, riding and quest fables.

The concepts with which Fuller is dealing are hard and unforgiving, but the elegance, concision and wit of his delivery carry the weight of his thoughts in a completely seductive manner. At one point Rudolf, the illusionist, fails to confront his beloved at a crucial moment: "here was I standing... in an agony of postponed action, as though forced to perform a trick I had never practised. But real life is just like that. We never get a chance to rehearse it..."

The book is really about trying to see the world as it is, about feeling for causes, about searching and coming to terms with what we find and the perennial need for a bit extra: "Even when things are clearly

what they are, they are not 'really' only that. The world is at its best when it is what we want to see. And we want it to be marvellous."

Stephen Fry, too, deals in stories, including real whoppers, in this accomplished first novel. It is tempting to steer clear of media stars trying out new modes, but I can report with relief and pleasure that *The Liar* is both extremely clever and extremely funny. Adrian Healey is the liar who progresses outrageously through school and university, destroying those around him by the casual power of his deceptions. At the end of a completely unlikely and often obscure political thriller narrative which runs parallel to the set pieces of his sentimental education he is brought to his senses. His mentor is the subversive Donald Trefusis, eccentric don and underdog agent. Fry uses his undoubted skill as an entertainer to produce a serious, responsible and chilling book which has one laughing aloud throughout.

Mary Hope

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ARTS

A brilliant, fresh-minted 'Ring'

Ronald Crichton is bowled over by the sheer exhilaration of this new production in Brussels

IN THE ten years of his directorship Gérard Mortier has transformed Belgium's leading theatre, La Monnaie in Brussels, from a provincial house with a sometimes illustrious past into an enterprise of the European front rank. Coming shortly before Mortier leaves to take up Karajan's old post (the administrative side at least) at Salzburg, the crown of his reign at 'The Mini' must surely be this shining new *Ring*, freshly minted indeed, now running its course of four sold-out cycles, of which I saw the second.

The production by Herbert Wernicke (also designer of sets and costumes), conducted by the Monnaie's distinguished musical director Sylvain Cambreling, has been meticulously prepared over a period of six months. Prepared, what is more, as a whole, the four parts not spread thinly over more than one season but given in the space of six evenings. So strong is the sense of unity and continuity that a visit to one single part may leave the spectator bewildered by symbols and features whose significance is only gradually revealed.

Cambreling and Wernicke offer an unusual paradox. While gathering doom and impending disaster are keenly conveyed before Wotan's world literally collapses in shame and frustration, there is a welcome lightness of touch, a refreshing, enjoyable feeling of child-like, fairy-tale theatrical fun, relieving but in no way denying the awful implications of the story. Narrative sense is strong - one wants to see what will happen next.

The setting is a large, rectangular chamber with a beamed wooden ceiling, on the walls white plaster peeling off grey brick (in dim light resembling sophisticated wall paper). At the back, a large picture screen opening revealing a screen of jagged rock or mountain peaks topped with a classical Walhall-tem-

ple and fronted by a screen of conifers implying the Rhine deep in the valley below. Except for the tired-out alienation trick of projectors glaring at the audience, lighting is varied, often magical.

There are features whose description may suggest precisely the sensationalism in fact so adroitly avoided. First, a surreal object in this context, a grand piano at which presides Erda, veiled in black, silent and motionless until her time comes to sing. The piano is so much in demand as seat, table or platform that it comes as no surprise when Brunnhilde is put to sleep on the piano and Siegfried is slain there (if a symbol is needed, "Music as motivating force" may do). A rotten old sofa about two feet long is put to inventive and effective use.

The Norms scarlet rope is a conspicuous object from first to last, bundling scenes and events together, usually a restraining force. At the very end the Rhinemaidens use the rope to snare and strangle Hagen before reclaiming the ring, while Walhall burns mortally in the background. Corpses (early victims of Alberich's curse - Fasolt, Siegmund, Hunding) litter the stage. All the *Ring* animals are there - the best Fafner-dragon ever, with horrifying claws and a long, lashing tail; the rest (ferocious dogs for Hunding, rams for Fricka, Wotan's ravens), done by mimes wearing excellent animal masks, come in pairs. Grane, Brunnhilde's faithful steed, a unicorn (until Wotan in a temper snaps off the horn) out of medieval tapestry, has quite a big role. The rest (ferocious dogs for Hunding, rams for Fricka, Wotan's ravens), done by mimes wearing excellent animal masks, come in pairs.

Ultimately the production is less notable for what Wernicke puts in than for what he leaves out. Where others have rammed points home, he holds back - for instance in the entry to Walhall, instead of a doddering procession of courtier figures, an upper-class German family grouped rigidly round Wotan, Fricka in a white Queen Mother



Uwe Schöneck, William Cochran and Franz-Josef Kapellmann as Mime, Siegfried and Alberich in 'Siegfried'

crinoline and flashing diamond diara, while behind them rainbow lights play on Walhall. The evenings are full of German allusions - pictorial, and above all cinematic. One of the best moments is the rise of the curtain on the Ghiblung hall, with Guttrune and Gunther frozen in fear and repres-

sion, Hagen a grim, buttoned-up von Stroheim figure, the three sitting well apart in icy hatred. Wernicke's command of positioning is as great as his deeply musical talent for timing gesture, for example in a brilliantly directed *Walküre* first act. The mocking of a certain type of empty upper class dignity is

acutely observant without crude caricature. An exception, and the production's weak point, is the treatment of Wotan. No need to disguise the god's deviousness and greed. Wernicke alone on the other hand won't go with the grandeur, however tarnished, implied by Wagner's music. The role is divided in Brussels between three singers: Alan Held (*Rheingold*), promising but with little physical authority; the reliable Franz Ferdinand Nentwig (*Walküre*), masterly in his long monologue, not quite able to summon the warmth for the farewell, Victor Braun (*Siegfried*). Now the black-suited business man changes into a conventional Wanderer in cloak and wide-brimmed hat: Braun's fine-quality voice was not at its best.

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Siegfried (Gary Bachlund) and Siegmund (Ellen Shade) are outstanding for intelligence and lyrical intensity. As Siegfried, William Cochran made one forget his now far from boyish appearance by the relaxed, easy confidence of his singing. Jens Martin's Brunnhilde had a great personal success, not only one likes to think for vocal power (loudness is an essential requirement for Belgian opera-goers) but for her unstinting generosity, evenness and stamina. One only missed a more personal quality and colour in the tone. Soprano and tenor excelled in the final *Siegfried* duet - for once an extension and development of what had gone before, not a swollen appendix.

As Fricka and Walktrane, Livia Badal-Batky's fine voice was not supported by clear words. Margaret Jane Wray impressively doubled

Third Norn and Guttrune. Victor Braun's striking Gunther made up for his disappointing Wanderer. Hunding lies better for Arthur Korn than Hagen - he lacks the power for the summoning of the vassals. First-rate Mime (Uwe Schöneck), suggestive, quicksilver Alberich (Franz-Josef Kapellmann). Some of the best singing of the cycle came from the lyrical, princely Loge of Hubert Delamboy.

I admired Cambreling's *Lohengrin* at the Monnaie last year but was unprepared for the exhilaration and excitement of his *Ring*, combining youthful energy and freshness with mature technical skill. A direct, vivid, immediate reading, notable for springy rhythm, length of phrasing and warm instrumental cantabile. It was sometimes too loud, not with the insensitive loudness of incompetent conductors who plough on regardless of the singers, but slightly overtopping the mark at passionate climaxes. The three Wotans and the two Nibelungs were occasional sufferers. The ladies were evidently not for drowning. One reservation only about the willing and eager Monnaie orchestra: an excess of vibrato in the woodwind, especially oboes and cors anglais.

It is more than many larger houses could do to meet a whole *Ring* at one go. The aplomb with which the whole adventure has been carried through, not forgetting the admirable programme books edited by Veit Volkert, speaks volumes for the régime of Mortier and Cambreling (the conductor has been nominated interim director and musical director at the Frankfurt Opera). A word too for the Brussels audience which in wet, windy, suddenly cold weather produced hardly a single cough. The production will be repeated by the co-producing theatres at Frankfurt in 1994 and then at the Liceu in Barcelona.

Cheltenham Festival of Literature

Poetic, with a European aspect

THE Festival, directed this year by Lawrence Self, sponsored by the *Daily Telegraph* and hosted in *The Archers*, were a fashionably European aspect. There were poets from Denmark, Romania, Finland, Greece, Germany, France, Sweden, Austria, Yugoslavia (Czechia, Serbia), Bulgaria, Hungary and Ireland, not to mention the Gaelic. They had translators as needed, but the special pleasure was the sounds of the languages (see Michael Glover's piece for British and Irish highlights in my own pick, a large-scale, Cassian and Bulgarian Mirella Ivanova).

Poetry has always played a big part in the Festival. This year the Cheltenham Prize was awarded by Peter Levi to Marjorie Kicejowski for his collection *Coast* (Kicejowski writes, and talks, English). Later, Jeremy Reed and Herbert Lomas were jointly presented with the Poetry Book Society's new translation award, Reed for his version of Montale's *The Coastguard's House*, Lomas for his anthology *Contemporary Finnish Poetry*.

Besides the Cheltenham Prize, there is the Cheltenham Lecture, given this year by Professor Jim Reed on the effect of German unification on German letters: there seemed to be a special relevance in P.O. Hirsch's story, *Die Birnen von Ribbeck*, a present of a fine pear-tree is planted in a suitable trench, then left to look

after itself. The other annual event, the Shakespeare Lecture, was given by Germaine Greer, who numbers Shakespearean studies among her bents. She put two four-letter words into her first minute, but went on to argue that the masses mentioned in Shakespeare's plays were the same in his mind as the common people in the audience. She continued the case, misleadingly I thought, to suggest that Shakespeare was subversive.

Not so literary, but totally absorbing, was John Julius Norwich on *Byzantium*, with slides of the marvels, from Venice to Constantinople. A further Cheltenham commission was a story by Jane Gardam, which she read herself, uncommonly well. Short stories were also read by Georgina Hammick, Shena Mackay, Douglas Dunn and Graham Swift. Michael Ignatieff, who read from his novel *Asia* later, tried in one of the audience-question-times to distinguish between writers, intellectuals and journalists.

And here is the place for a note about the Festival audience. Last year Fay Weldon asked, who was the Festival for? and I can only say that as long as I have been attending, it has been for outwardly identical gatherings, mature - there are too few young people - more female than male, and deeply concerned with whatever discourses they choose to attend. Audiences readily ask questions, but are not intelle-

tuals by Ignatieff's standard. They are the factor without which the arts would not seriously exist. Festivals are for audiences as well as artists. What serious matters did the Cheltenham audiences absorb, then, besides the poems and the stories and the big lectures? More readings from novels and other writing (Stephen Fry, from *The Liar*, drew a maximum house); and travel writing that included Ella Maillart, Bill Bryson and Caryl Phillips.

Besides readings, there were the imaginative miscellanea that, for me, are at the heart of this splendid Festival. Spain opened the proceedings with a gift of sherry but no other culture; France closed them with a tasting of four Unusual French Wines from the *Sunday Telegraph Good Wine Guide*. Craig Raine spoke on the foreign influences on Eliot and Pound. Clive Scott analysed Rimbaud's aim toward universal language in his poems, and Michael Wood examined Proust's canon that writers' lives are irrelevant to their writing.

The European theme was sustained in a happy study of Boccaccio, three of whose bawdy stories were performed by Gabriel Woolf and Maureen O'Brien, followed by the variations by Chaucer, Keats and Tennyson; in readings from Primo Levi by Jack Eliff and Ruth Rosen; and in David Gifford's demonstration of how he devised his book on Paris. Julian Symonds discussed the detective story with three practitioners, two who lived abroad but wrote about England, one who lived in England and wrote about France.

There were some classic films and some jazz, and *Festival Extra!* at weekends for the kids. It was all hugely enjoyable.

B.A. Young

PETER SCUPHAM, a short, elderly man in ferny-green sweater and well-rubbed cords, crosses the dais to his chair in a fast, creeping stoop. Above his head hangs the red banner of the 1991 Cheltenham Literature Festival, gently stirring. Scupham's head has a melancholy sideways tilt, as he reads, which matches perfectly the old-fashioned eloquence of his delivery, its Edwardian timbre, the enunciation fiercely punctilious - almost to the point of pedantry, affectionately.

The collection from which he reads, *Watching the Perseids*, is a collocation with family ghosts. Many of the poems memorialise his dead parents, calling up images of their lives from the 1920s, when they roared with the best of them, to more recent times. There are deathbed scenes - Scupham tells us that he found the experience of nursing his old parents in their last days "curiously exhilarating" - and many moments of elegiac poignancy. Unfortunately, he is almost too pedantic for his own good. The refined uplift of the delivery, that way he has of cranking his voice up to the perfect pitch of eloquence, makes him sound like a man intent upon aggrandising his own experience. He is a charming, brilliant poet of the most refined manners, who is in danger of aestheticising his life.

Paul Durcan stands before us, head bowed, chin on chest, wrapped in an aura of reverential silence. A book of poems, *Daddy*, hangs limply from his hand. And, when he begins to speak, gently, with an almost priestly solemnity, we hear the soft silences of Co. Mayo in his voice.

It is a hushed voice, intimate, confiding, a soft, creeping, velvety, insinuating voice: a voice that might whisper the contents of some terribly private letter. The poems are intimate, meandering, surreal, tortured, ridiculous, full of the most gloriously inconsequential details delivered, of course, as if they were matters of the greatest moment. "Can you conceive of a life without stairs?" he asks, his face a knot of pain. In "The Knucklebone Player," a woman dandles a pair of dice in her hand that were once the knucklebones of her deceased partner. Paul, in "Grief," the refrain runs: "I am a man. All that is human is alien to me..." In the captivating drama of Durcan's hour-long performance he is the helpless clown, doomed forever to daily amongst his own tortured representations of life's absurdities.

Listening to Sorley Maclean, father of the Gaelic Renaissance now in his 86th year, read and reminisce upon the writing of his poems takes us back to an earlier era, when poets did not so much read as incantate. The reading has a magnificent rawness, quality. And when Maclean shifts from the English to the Gaelic, he tips the upper half of his body forward, and then what we hear is the music of that language: its glacial stops, its thrum and skirls.

But, when Maclean pauses to ruminate, he closes his eyes and, breathing heavily between short bursts of utterance, a smile plays about his small, rather vulnerable lips.

These marvellous things - the way Halling and the ancient trees once looked, rowan, birch and aspen before they made way for the more vulgar pine - are clearly good to savour in the imagined memory.

Michael Glover

Impasse at the Opera

THE DISPUTE between the management at the Royal Opera House, Covent Garden, and its orchestra, which has submitted a 24 per cent pay claim, has reached an impasse.

Talks at ACAS have led nowhere. The board yesterday confirmed its "final offer" of a 5.5 per cent rise, plus some movement on overtime which adds another 1 per cent, but the musicians have rejected this by a large majority. It could well be that a long, debilitating, dispute develops.

Covent Garden, by far the largest subsidised arts company in the UK with Arts Council support of around £17m, has been infected by industrial disputes for years. Its current financial position makes it unwilling to weaken. Box office receipts turned sour over the summer, producing an unexpected £1m deficit for the current year to add to an accumulated debt of £1.7m.

With negotiations with the chorus, the dancers, the stage crews, still to be finalised the management will not weaken, even though in the first week of the dispute it lost the opening of an important new production, *Les Huguenots*, and £300,000 in box office. The management is expected to lose an equivalent sum in the next seven days.

The new director of the Edinburgh Festival, Brian McMaster, has found his inheritance much depleted. The 1991 Festival made a loss of £220,000.

Attendances were well down, partly because of a dearth of tourists, partly because Frank Dunlop's last Festival was hardly his gayest. A surfeit of opera and musicians, actors and dancers may be cheap to bed and board but they are not box office. The Festival audience slumped from 76 per cent to 63 per cent.

Small wonder that McMaster's first move is to tempt over to Joazeiro, who worked with him at Welsh National Opera, as the first Director of Marketing and Public Affairs. And what has she got to sell in 1992? Well, the arts of Eastern Europe. McMaster is opening with an opera by one East European and concentrating the Festival around another. However, the first night concert performance of Schoenberg's opera *Moses and Aaron* should please the critics. Tchaikovsky the public.

McMaster's promise to boost the Scottish element is redeemed with concerts of Scottish music through the centuries and a retrospective of the work of the playwright C.P. Taylor, who was born in the Gorbals.

The London antiques trade has had a good time this week in New York. Around half the dealers showed up at the international Fair at the Armory on Park Avenue came from the UK and most seemed happy to be away from home. The only exception were the staff on the Ackermann stand who heard that they were being taken over by another London picture dealer, Peter Johnson, and that their jobs are likely to disappear along with a name which for two centuries has indulged the British (and lately the American) passion for sporting pictures.

The attraction of Fairs is the unexpected. A new face can appear and make a dealer's year. This happened to Bruno Meissner who sold the most expensive object at the Fair, a portrait by Queen Victoria's favourite artist, Winterhalter, to an American buyer for over \$3m.

The organiser of the Fair, Brian Houghton, sold a huge Staffordshire creamware service for over \$200,000 on the gala evening, and then sold the service which filled the room. Also happy was Peter Finer. There are few serious collectors for his arms and armour these days, but he found one for a pistol owned by Napoleon. Partridge, the old established but reclusive Bond Street firm, was experimenting with its final Fair and sold a massive silver service, making the trip worth while.

The smaller, more decorative (and cheaper) items were selling faster than furniture and pictures, but while London still labours through the recession there is undoubtedly more dynamism in New York. London dealers report a definite upturn in trade. They are going half way to meeting buyers by cutting prices: London dealers are still reluctant to offer sizeable discounts.

Antony Thorncroft

A well sprung SwissFest

SPONSORED by the Ebel Swiss Watch Company, Thursday's concert by the London Symphony was part of SwissFest 700. It began appropriately with Frank Martin's *Petite Symphonie Concertante*, which was well sprung, ticked briskly along and set off nicely calculated alarms. Martin was a mathematician before he was a composer, and at least in this country it remains his least unfamiliar piece: its odd forces - solo harp, harpsichord and piano with double string band - make it awkward to programme, but also piquant.

When we do hear it, it is rarely with such a bright solo trio as here, respectively Olan Ellis, John Constable and young Ian Fountain (who won the Arthur Rubinstein competition two years ago, and gives his belated first London recital on December 15). The music fairly crackled, and the wry, chugging march that concludes it built up a fine head of steam. With Colin Davis conducting, that was only to be expected; and he did no less for Walton's First Symphony later. There, the full orchestra went through its paces to rousing effect, with the brass in brilliant form.

Davis opted for some unusually dignified tempi, and signalled climaxes with big rallentandi. Walton's nervousness and

mischief were somewhat tamed, but his jerry-built finale rose to a full-throated roar that silenced argument. In Berlioz's gentle *Nuits d'été* song-cycle too, Davis was more deliberate than he used to be - but perhaps he was deferring to his soprano, Barbara Hendricks.

As always, Miss Hendricks made a disarmingly lovely sound, and spun out long lines with careful delicacy. Probably some of his finest way into the cycle as a whole, though

each song had the right shape and feeling, they were too much of a muchness. There are bigger contrasts to be registered than she managed and her fast vibrato - appealing in itself - doesn't accommodate much variety of colour. That will come, meanwhile, Davis helped with discreetly spottled obbligato lines in the accompaniment. There was always an authentic shimmer.

David Murray

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THE GREATEST source of bias in British journalism remains unremarked upon. It is in the newspapers, not the television. And it is in the field of sport, not politics. In particular it covers any sporting event in which an English national side is involved.

If you read the English press on Sunday and Monday of last week, you will have been reeling under the weight of reports about England's heroic victory over the French in the quarter final of the rugby World Cup. Not just that, but you will also have been battered into submission by diatribes against the unsportsmanlike and vicious

Bruised, battered and bewildered

Dominic Lawson on the way the English press took on the French at rugby

French pack. Leave aside the reports of the popular press, where anti-French hysteria quite got the better of an already tenuous grasp of English prose style, although I still treasure one description of the barbarism of the French pack which "took place right under the lenient nostrils of the referee". The *Sunday Times* was more measured, but had the same message as the rest: "England were battered ... the French team has pace and emotion and brutality." The English bookers,

Brian Moore, who by some miracle of modern medicine had recovered sufficiently from the battering to have an article appear under his name in the same newspaper, spoke of a "dirty cynical game. Fortunately we kept our discipline ... you do not need to stand toe to toe slugging it out." All very noble. Having not seen the game, I was prepared to believe in all this gallantry. Until, that is, I received my weekly treat, which is when the copy comes in from Frank Keating for his sports

column for *The Spectator*. Referring to the England-France game as a "rugby match of unmitigated filth and thuggery ... No surprise there, but Keating went on: "most of it perpetrated on the blind side of the referee" (the one with the lenient nostrils) by the English XV. The French pack, which would have given its eye teeth to have been bullied back, was battered first into submission and then just downright fought. They ran from the field in fear of their lives."

Keating concluded that "the English players were understandably elated at the trouncing they had inflicted, however bruised their knuckles." On reading all this, I rang Frank up. Yes, he said, most of the other English journalists seemed to have gone to another game, not the one in which the first minute saw the English forwards taking it in turns to rake over Serge Blanco, followed up with a crunching late tackle on the French captain; nor the one in which the

French could not dare to play their running game, because the English clobbered whomever seemed likely to get the ball.

Here is the biggest pity. The French play rugby beautifully, with fast running hand-to-hand moves - the sort of style which the uncommitted public would always want to see. The English style of mud splattering drives with the scrum, the forwards slowly pulping the opposition, and the backs booting any ball that comes to hand, is quite simply

horring. One could get as much sporting excitement from watching a film of the battle of the Somme.

Perhaps we should go further back in military history for an analogy for what happened in Parc de Princes last Saturday. Agincourt is the most celebrated of all Britain's victories over the French. Every English schoolboy knows it was an heroic English feat of arms. So it was. It was also characterised by Henry V's barbaric decision to slaughter of about 200 French knights who had given themselves up, and whom he had taken prisoner and disarmed. It is the sort of detail which an English Sunday paper sports reporter might overlook.

Dominic Lawson is editor of *The Spectator*

Private View

A doctor immune to dilemma

SIR ANTHONY Grabham collects antiques and porcelain - early Worcester for preference. He likes the haggling just as much as the objects.

This fact about him is a clue to his double life. The quiet consultant surgeon from Northamptonshire strips off his green gown on the London train to reveal the pin-stripes of a medical politician who campaigns, without any sense of contradiction, for both the National Health Service and private medicine.

He thinks the Government's changes to the NHS, creating an internal market between buyers and suppliers of health care, are "a kind of blundering, ill-considered tragedy."

Doctors like Sir Anthony are usually called "smooth". The word implies insincerity; I prefer to say "self-controlled" for someone who is proud of his frankness but who has also been described as a gentleman knecapper.

When I last met him, in the mid-Seventies, he was plain Mr. Grabham, a debonair political newcomer who looked like something out of a doctor-and-nurse novelette.

He was helping the British Medical Association, the doctors' lobby, to mess up Barbara Castle's attempt to get pay-beds removed from NHS hospitals. Grabham went on to challenge what he saw as supine leadership in the BMA and was elected chairman of its ruling council.

Today he is stouter and more benign, a silver-haired backbencher with time to indulge his other vocations. As lawyer *manqué* he sits on the General Medical Council, the doctors' professional tribunal. The businessman in him finds satisfaction running the BMA's financial consultancy and being on the Board of Private Patients Plan, the country's second largest private health insurance scheme.

Grabham has upset the Conservative government almost as much as he has upset its Labour predecessor. The NHS reforms might have been well meant, he said, but they were a tragedy for the Tory Party as well as for state medicine.

Faced with the prospect of having to spend much more on the service to keep up with the needs of an ageing population and the cost of equipment, the Government has gone, yet again, for reorganisation. It had refused to consult, refused to negotiate or compromise - hence the outcry.

Is it creeping privatisation? I asked him. "It's impossible to answer that shortly. There is certainly an element of creeping privatisation. That is beyond doubt: dental services increasingly privatised. It had refused to consult, refused to negotiate or compromise - hence the outcry."

He suggested that Margaret Thatcher, who once long ago declared her dislike of socialised medicine, had intended to let the

NHS wither and that her successors were frantically backpedalling.

"Obviously it would have to be speculation. But if you were going to privatise, this was the way you would do it. So I think it must have been on the cards."

Could it still lead to privatisation? "It could do if one disregards the assurances given by the prime minister, oh yes."

Might the impulse for privatisation, if it doesn't come from a future Conservative government, come from the hospitals and GPs?

"If you had asked me that question five years ago or ten years ago I would have said it was absolutely unthinkable. In the old days we used to work together as a team with neighbouring hospitals to give the best possible service to every patient."

"The structure now is to compete with them and that is a completely alien philosophy to us. If we are having to use patients as elements in a market situation, I think anything is possible."

Do you have a private practice? "Yes I do."

Do you depend on it? "No I don't."

It's just holiday money is it? "That's right."

Would you, if these reforms go through, find yourself doing a lot more private practice? "I don't think anybody knows, quite honestly. If, as I suspect, we're seeing a means of holding down medical activity in order to limit expenditure by the Treasury, then I suspect private practice will expand and people will earn more money."

Might you give up NHS work out of disgust? "Not out of disgust, no. But there is widespread antipathy and depression among consultants - and general practitioners - particularly in my age group, who have been bred

and born in the NHS. A very high percentage are getting out as soon as possible. It's an escape mechanism. It's not that they are trying to get into private practice."

I reminded Sir Anthony that Ministers had accused doctors, not for the first time, of resisting change and worrying about their pockets. "We are normal human beings and therefore tend to be reactionary at our age. So there is an element of not liking change and of being concerned for our pockets. It would be dishonest to pretend otherwise."

"But the issues, I would write you to think, are very much more fundamental. When you start to become a doctor you don't think of these matters. Quite honestly, you don't think about money. Most of us are still not in it for the money."

Even allowing that Britain gets its medicine cheaply, I said, would else should the government contain

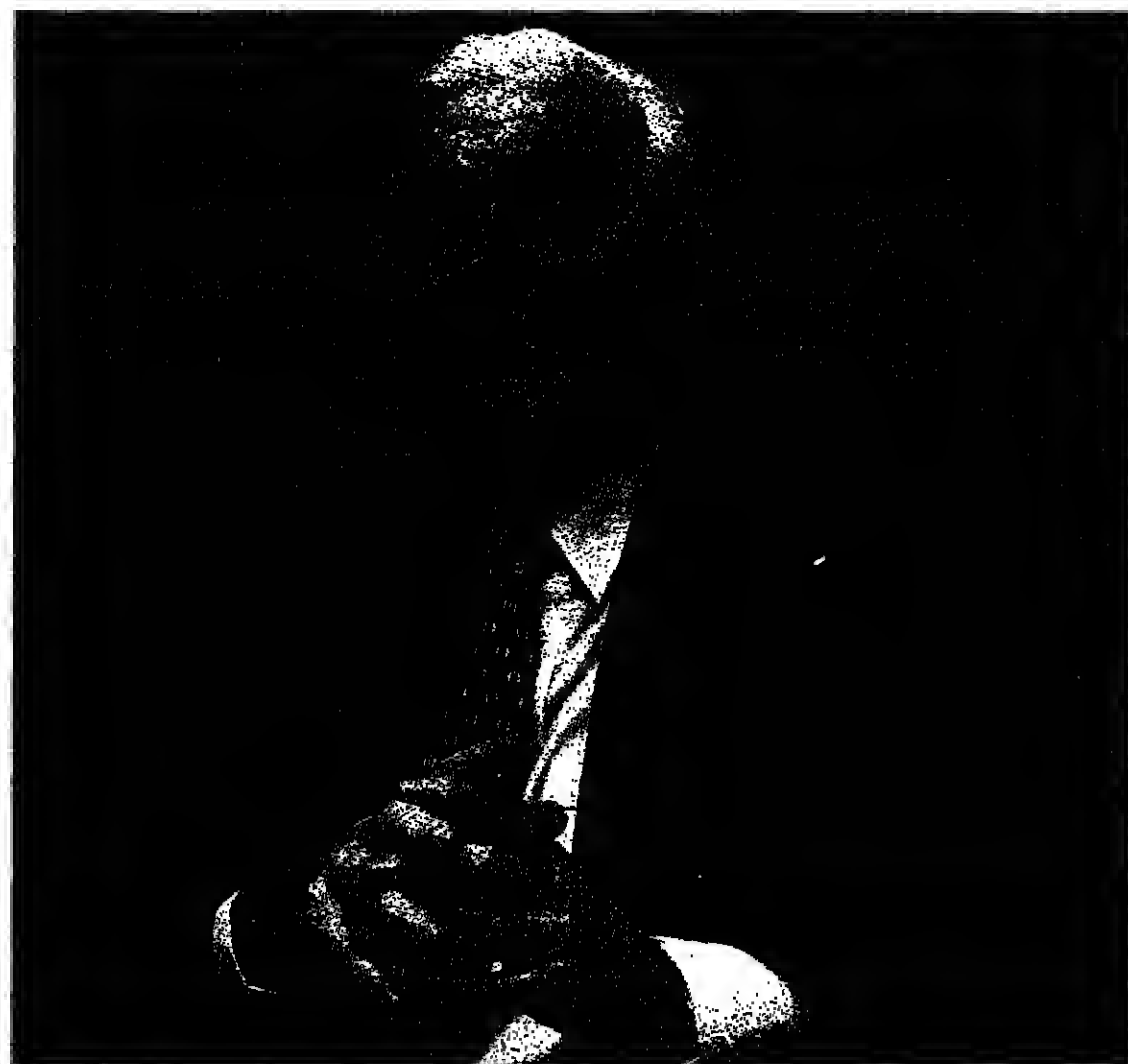
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drive them away, although they would vanish in a moment on the odd occasions when a marauding perch hove in to search of a snack. I made quite a study of minnow fishing. The net is the least efficient method - for, however swift the sloop, most of the fish are swifter, and only the smallest and most foolish are left gassing in the mesh. A minnow trap is better. A large used fizzy drink bottle should be used with the top third cut off and thrust into the bottom to make a funnel. Baited with bread, and lobbed out at the end of a rope, it would take 20 or 30 at a time.

The problem with the trap, though, is that the big ones - by which I mean minnows of three inches or so - are wary of such crude artifices as the subaqueous lemonade bottle. A rod, line and hook are needed for the leviathans, with perhaps a particle of bread as bait. But it is in the fragile nature of bread that, more often than not, it ends up in the minnow's mouth, and the hook somewhere else.

A maggot is to be preferred. Although minnows of every size will attack it, only a big one can get the grub into its mouth. You must



Anthony Grabham

health expenditure?

"I would argue that we should not be containing expenditure at this moment because we're spending only about half as much as many other countries. There is a lot of scope for spending more before it becomes unreasonable."

Isn't it simply the case that we have realised that we cannot manage a thing like the NHS efficiently? Sir Anthony said he would accept "a little correction for inefficiency" but that there wasn't that much anyway. "The solution to a grossly underfunded health service is not to tackle inefficiency."

Grabham believes that if he had not been denied the chance to lead the doctors into negotiation with Thatcher and ministers, he could have got the reforms tested and phased in gently.

"It may be personal vanity, but I

"Not in the normal meaning of the word, I became more an advocate for patients and doctors." Grabham denied that he was ambitious for office but agreed with my suggestion that he was an activist without being a militant. Where did this activism come from? Was it the hot-headedness of youth? "It's an excellent question and I honestly don't know. I don't know where it's come from. I come from very happy, equable parents who would never indulge in this sort of thing. Going back, I had a grandfather who was chief of all fire brigades in north of England and founded an organisation similar to the BMA. It may be in the genes."

I suggested it was his family's very lack of political consciousness that made him an activist. For the first time in the interview, Sir Anthony looked shifty.

"I don't want to be discourteous but it's almost unprofitable. ... because I've examined myself on many occasions. I don't know is the short answer."

Then, as if acknowledging this minor lapse of control, he added: "I had a religious upbringing, and I sometimes think that might be it. I was born and taught by Catholics and they of course have precise attention to logic and fairness and detail. And I suspect I was taught then to examine arguments and to seek a sort of fairness and justice."

Sir Anthony describes himself as more left-wing Tory than right-wing Labour. Were you ever a socialist? "I never ever have been member of a socialist party. I may have voted Labour when young, I don't remember. But I was brought up on Tyneside at the time of the Depression and it was very hard not to be a socialist if you were born then."

"I used to work in the casualty department and used to see the broken bodies of miners brought in. That affected one. It didn't make me anything like a member of the Labour Party. I cared for people but I've never been anywhere near joining either political party, any party."

Why did you go into medical politics? "I've always cared about issues and when I go to meetings I tend to say frankly what I think. As a junior doctor I complained bitterly that the BMA was doing nothing about conditions. The then representative was all too happy to say 'Carry on, Tony, the job's yours.' So this is how I first came to the BMA."

So you became a sort of shop steward? "There is a reed-fringed bay across the lake from the house we rented, with cool, dark depths, frequented by pike and the odd perch. Most days we rowed across there to float fish with minnows. It was pleasant to sit in the boat, watching the cork floats bobbing on the ripples. Every so often, one would begin to jerk about, or, even more thrillingly, suddenly shoot out of sight. These pike fought like demons, surging irresistibly along the bottom before rising to shake their heads and lash their tails on the surface."

The best was 9lbs and it was delicious prepared with capers and spinach and, later, as fishcakes. In view of the weather - 14 rainless days, most of them of unbroken sunshine - it was almost miraculous that we should have had such sport. It was thanks to the minnow that we did. One afternoon, standing in the shallows after swimming across the lake, I watched a shoal of them around my feet. They were feeding on the minute things I had stirred up from the stones, and I could feel them nibbling at my toes in a most friendly fashion. I like minnows."

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Tom Fort

No brief with vicious lives

Nigel Spivey

IF hero-worship is, as Thomas Carlyle claimed, "the corner-stone of society", then how does one suffer the demolition of heroes? I put this question having just come across a newish biography of J.F. Kennedy. It ought to have been a pleasure to read: JFK was one politician I had imagined making it past the Pearly Gates, and I liked to think of him on celestial golf links, or sipping Bourbon, with Pope John XXIII.

I now learn that he was a second Navy, and am trying to accommodate this recasting. It is as difficult, though not quite as painful, as discovering that Martin Luther King had a string of mistresses. Nor, admittedly, is it as wounding as the teenage jilting that took place between myself and Bertrand Russell.

As a youth, I revered Russell. I collected all his works; I even read some of them. I particularly cherished the *Prologue to his Autobiography*. You know it? That sonorous declaration of how three passions - love, the search for knowledge, and pity for mankind - have dominated his life. It tolled like a call to prayer in a young man's heart. The cover

of one of my Russell books showed him as many remember him: sitting cross-legged in Trafalgar Square, his heavy features set rigorously against policemen, evil and the Bomb.

They formed a marvellous mask, those sharp outlines. Nothing at all had prepared me for the account of Russell's life by Ronald Clark. Still intoxicated with Bertie, I pledged precious pocket money for that book. In retrospect, it was money well spent. It was an initiation into the ways of the world. In an honest, and generally respectful biography, Russell unmasked was a shameless and ruthless philanderer, whose pity for mankind never extended to the men and women whose marriages he destroyed. Love? Searching for knowledge? All bunkum. Russell's life was a sum of hack philosophy, educational dabbling, bland pacifism and serious adultery. In short, he was a poisonous sham. Chummy, I gathered his books from my shelves and consigned them to the Oxfam shop. Some starveling wretch in Bengal may, in the end, have profited from my loss.

As publishers will confirm, we like biography above any other kind of reading matter. A good biographer, such as Michael Holroyd, commands the sort of handsome advances one normally associates with junk novels. Quite right for, as devotees of biography know, it makes a powerful tool for everyday conversation.

Biographies are rich in those details which, like Freudian slips, carry massive importance. If asked to explain Nazism, we can point out that Hitler changed his underpants three times a day. If we hear someone yearn to be a millionaire, we tell them that Howard Hughes spent hours swatting flies. But his recent experience with John Kennedy has suddenly made me wary about which biographies I buy.

Reading the biography of a vicious person and understanding the roots of viciousness is fair enough; but having a hero unmasked is a

perverse. We, the pygmies, need to see what it takes to be Great and Good. They are the sun and stars: the mere glow-worms below. The last thing we want to know about our heroes is that they match us in the length of their shortcomings.

I hope that nobody makes me read the latest addition to the canon of Dickensian biography. It is by Claire Tomalin, and it indicates that Dickens was a blackguard. That is as much as I know, and that is more than I want to know. As I say, I am getting too old for this sort of shock. Everything about Dickens tells me that he was an exceptionally great-hearted man. Disposing of his works to the Oxfam shop would be like throwing myself in the Thames.

There is one obvious way of coming to terms with the destruction of heroes. The usual source of disappointment is the gap between public postures and private conduct; and the usual sins of private conduct are carnal. All one needs to do is stop making a component of heroism from the saintly virtue of sexual continence. Immense restorations could be made, once weakness in that area were indulged. But I shall hang on. In the colomades of my own esteem, one or two marble busts have had to be removed. The stalwarts remain.

No one has ever persuaded me that Wilfred Owen was less than a giant at the time of his death. George Orwell is intact, in spite of a fat new definitive biography. If there were the slightest chance of his descending again to earth, I should lay a place at my dinner table every night for Samuel Johnson. And as for Raisa Gorbachev, the latest addition to this choice galaxy, what need I say? Her radiance is undimmed.

The littlest fish shall enter in

WE ALL know how highly Jeremy Fisher esteemed the minnow, although it is typical of the little fish's treatment over the ages - the way it has been, in the jargon, marginalised - that the frog's primary interest should have been culinary rather than sporting. Walton, too, dwells greedily on the minnow's table qualities, suggesting that it be tried in egg yolk, with the flowers of cowslip and primrose, and a little tansy - "a dainty dish of meat".

But at least Walton's mind was not entirely on his plate, and he hit the mark with this tribute to the minnow - "in hot weather he makes excellent sport for young anglers, or boys, or women that love that recreation." On Coniston Water this summer, the weather was hot and, while women that love that recreation were in short supply, there were plenty of boys, and a middle-aged angler or two. And the minnows played their part.

There was a companionable shoal in residence in the limpid water around our landing stage. No disturbance from swimming, stone-throwing or boat-launching would

drive them away, although they would vanish in a moment on the odd occasions when a marauding perch hove in to search of a snack.

I made quite a study of minnow fishing. The net is the least efficient method - for, however swift the sloop, most of the fish are swifter, and only the smallest and most foolish are left gassing in the mesh. A minnow trap is better. A large used fizzy drink bottle should be used with the top third cut off and thrust into the bottom to make a funnel. Baited with bread, and lobbed out at the end of a rope, it would take 20 or 30 at a time.

The problem with the trap, though, is that the big ones - by which I mean minnows of three inches or so - are wary of such crude artifices as the subaqueous lemonade bottle. A rod, line and hook are needed for the leviathans, with perhaps a particle of bread as bait. But it is in the fragile nature of bread that, more often than not, it ends up in the minnow's mouth, and the hook somewhere else.

A maggot is to be preferred. Although minnows of every size will attack it, only a big one can get the grub into its mouth. You must

lower it carefully into the shoal, keep it off the bottom, and be vigilant. The little ones will fling themselves at it, causing it to shoot hither and thither. But after a time it usually disappears inside the mouth of one of the fat fellows. A gentle raising of the rod tip - restrain the tendency of excitable children to jerk it skywards - and it is ready for the bucket.

I admit there is something a little absurd about the cry of "What a corker!" greeting the capture of a fish the length of the little finger. But our minnow fishing did - as they say - provide hours of fun, for young and old alike. The children progressed rapidly from hamfistedness to deftness, and the yells of despair gave way to: "A minnow, a minnow, I have him by the nose."

But what do you do with the minnows in your bucket? My copy of *Fishes of the British Isles* speaks of a banquet given by William of Wyckham for Richard II, at which several gallons of minnows - costing 11s 6d in old money - were served. Notwithstanding that, we did not eat them. We had a higher purpose.

We used them for bait. There is a reed-fringed bay across the lake from the house we rented, with cool, dark depths, frequented by pike and the odd perch. Most days we rowed across there to float fish with minnows. It was pleasant to sit in the boat, watching the cork floats bobbing on the ripples. Every so often, one would begin to jerk about, or, even more thrillingly, suddenly shoot out of sight. These pike fought like demons, surging irresistibly along the bottom before rising to shake their heads and lash their tails on the surface."

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